AB 1221 (Steinberg/Campbell) California Balanced Communities Act of 2003

<u>REGIONAL COUNCIL ATTACHMENT #4.4.1</u>
Thursday, June 5, 2003

REPORT

DATE: June 5, 2003

TO: The Regional Council
The Community Economic and Human Development Committee

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SUBJECT: Assembly Bill 1221 (Steinberg/Campbell) California Balanced Communities Act of 2003

EXECUTIVE DIRECTOR'S APPROVAL Mark Pisano

RECOMMENDED POSITION: Support in Concept; Seek Significant Amendments

SUMMARY:

SCAG Government Affairs staff brought Assembly Bill 1221, co-authored by Assembly Members Darrell Steinberg (D- Sacramento) and John Campbell (R-Irvine), to the CEHD Committee as an informational item in May 2003. The Committee requested the bill be brought back to the Committee and to the Regional Council simultaneously in June 2003 with additional analysis and a recommended position.

Because the bill is, on balance, more consistent than not with the public finance principles in the Regional Comprehensive Plan and Guide as adopted by the Regional Council in March 1996 and with the Growth Visioning Principles as adopted by the Regional Council in October 2001, staff recommends a support in concept position. On the other hand, the wide range of possible revenue outcomes arising from AB 1221's enactment are likely to create local revenue winners and losers within the SCAG membership. Significant amendments must be made to AB 1221 to mitigate the financial harm that could accrue to cities through no fault of their own. In practice, the amendments would have to be so comprehensive, the bill itself may die for lack of a consensus.

BACKGROUND:

Purpose of AB 1221

According to the authors, current fiscal incentives often compel local governments to make land use decisions based on a development's ability to generate sales tax revenues. "Absent fiscal pressure," write Assembly Members Steinberg and Campbell, "most communities would gladly choose a mixture of land uses, including housing...." As a result, the jobs-housing balance worsens, with housing shortages in some areas and long commutes for workers in others. AB 1221 "...allows for a more balanced approach by taking away the disincentives currently associated with the building of homes."

The idea of swapping a portion of the local sales tax for an equal portion of local property tax has long been contemplated. In March 2000, the Speaker's Commission on State and Local Government Finance recommended an exchange, as did the Speaker's Commission on Regionalism in 2002. In addition to the sales-tax-for-property-tax swap they envisioned, the commissions also suggested the constitutional protection of local revenues, a safeguard which is omitted from AB 1221 and which occasions the League of California Cities' oppose unless amended position.

Bill Mechanics

AB 1221 creates the California Balanced Communities Act of 2003. Under AB 1221, each city and each county would swap a portion of the locally levied sales tax for an equal dollar amount of the property tax. The local sales and use tax rate would be reduced by 0.5% from 1% to 0.5%. An equal amount of property tax would be shifted from each county ERAF fund to each city and each county. The state sales and use tax rate would increase by 0.5% from 5.0% to 5.5%. This revenue would be sent to local schools to cover the reduction in ERAF.

The property tax allocation for each city and county would work as follows:

- The 1% property tax is currently levied county wide and is allocated to agencies within the county by statute. Under AB 1221, the county and each city would be allocated the amount of property tax it received in the prior year, *augmented with the amount of sales tax it lost*. This action has the effect of increasing each city and county's share of the property tax since the relative shares of the property tax among the jurisdictions receiving the tax would change. The city or county share would go up; the ERAF share would go down.

- Each year thereafter, the city and the county would receive the amount they received in the prior year (the adjustment for the sales tax swap is now in the base property tax) *plus a share of the property tax that is attributable to the growth in assessed value within their jurisdiction.* This share would be based on the new, increased base amount of the agency relative to that of other taxing agencies in their jurisdiction. In other words, *the swapped amount would grow with the growth in property tax collections.*

- The property tax would be shifted from each county ERAF. The reduction in property tax going to school districts would be replaced by state general fund dollars.

Because historical and economic patterns suggest that the property tax base is both less volatile that the sales tax base on a year-to-year basis and has a much stronger growth trend, California cities and counties should experience a stabilization in their local revenues under AB 1221. Consequently, they would be less constrained by the need to maximize sales tax revenues and freer to develop much-needed housing and corporate centers.

Consistency with the Regional Comprehensive Plan and Guide

Evaluating the broader notions of AB 1221, as explained above, against the Regional Comprehensive Plan and Guide (RCPG), adopted by the Regional Council in March 1996, shows the bill to be, on balance, more consistent with its public finance principles than not and is the basis for the staff's conceptual support of the bill.

The public finance chapter of the RCPG was at its adoption and remains today one of the most thorough examinations of Southern California local government finance available. It was written, coincidentally, at a time when the state of the economy was foremost in the minds of Regional Council members. Of the RCPG's ten finance system reform principles, several are inapplicable to AB 1221 (Principles 3, 5, 7, and 10); some are consistent with it (Principles 2 and especially 4); some are inconsistent (Principles 1, 6 and 8). All ten principles are attached for your review.

Principle 1 states the Regional Council's preference for allowing difference regions of California to implement different finance systems. The goal of Principle 1 was to encourage the flexibility to respond to the recession's varied effects statewide. AB 1221 is not consistent with Principle #1 because it proposes a statewide system that does not account for or allow regional differences in local government finances. All cities and all counties would be treated the same.

Similarly, AB 1221 is inconsistent with Principle 6 as it applies to redevelopment districts. Because redevelopment districts are financed with property tax increment, redevelopment limits property tax revenue growth to the taxing agencies that serve the redevelopment area. Currently, the loss of tax increment is a cost-effective trade for cities with redevelopment projects that generate a greater amount of sales tax than is lost in property tax. However, AB 1221 benefits cities when property tax receipts grow, which cannot happen when tax increment is diverted to redevelopment districts. AB 1221 will drain property taxes from cities with substantial redevelopment programs.

AB 1221 is also inconsistent with Principle 8, which states the need to dedicate sources of revenues for local services. AB 1221 contains no constitutional protections for local revenues and has engendered mistrust among local officials who not unreasonably oppose amendment to the Bradley-Burns Act.

AB 1221 does comport with Principle 2, which states the Regional Council's desire for a taxing and spending neutrality, where services are maintained at existing levels and are matched by receipts. Still evaluating AB 1221 in its most general application, the bill is revenue neutral in its base year, 2004, and will not result in the reduction of services. In outyears, the bill improves the ability of new residential and non-retail development to generate the revenues sufficient to cover municipal services costs while still supporting the greater costs associated with retail development, such as additional transportation, law enforcement, fire, and emergency medical services.

Lastly and most importantly, AB 1221 reforms local revenues to maximize the attraction and maintenance of quality jobs in Southern California, the goal of Principle 4. "Put another way," reads the RCPG, "the goal of the finance system must be to help raise the regional standard of living." Arguably, what would raise the regional standard of living the most is the correction of the jobs-housing imbalance. AB 1221 would remove the fiscal barriers that prevent cities from developing a variety of land uses while minimizing their dependence on local sales taxes. In the long run, workers could live closer to their jobs and enjoy shorter commutes, which would improve worker productivity, lessen the demands on the transportation infrastructure, and improve air quality—all factors in business and industry's willingness to invest in the Southern California economy, rather than regions with a higher quality of life.

Although AB 1221 is not fully consistent with the RCPG, the importance of its positive impact on the regional economy tips the balance in favor of a support position. Similarly, AB 1221 is consistent with SCAG's Growth Visioning Principles.

Consistency with SCAG's Growth Visioning Principles

Compass, SCAG's growth visioning program, was launched this year to generate solutions to the region's burgeoning quality of life problems. What, it asks, will Southern California do with 7 million more people, an affordable housing crisis, a jobs-housing imbalance, air pollution, declining open space, and an aging, insufficient transportation infrastructure? SCAG's Growth Visioning Principles (see attached), adopted in October 2001, answer that question with a set of specific strategies.

Among those strategies are locating new housing near existing jobs and new jobs near existing housing; promoting in-fill development to revitalize existing communities; promoting mixed use development; supporting the preservation of single-family neighborhoods; focusing development in urban centers and in existing cities; and supporting local and state fiscal policies that encourage balanced growth.

Especially in the last respect, AB 1221 matches or closely effectuates SCAG's adopted Growth Visioning Principles. As with its consistency to the RCPG, AB 1221 merits a support position. The question becomes whether the practical application of AB 1221 diminishes its theoretical merits.

AB 1221's Practical Application

The fiscal impact of AB 1221's mechanics, as explained above, has been examined exhaustively by the League of California Cities (see the attached memorandum from consultant Michael Coleman), the state Department of Finance, and the state Board of Equalization. At the heart of the question of fiscal impact is how the California property tax and sales tax bases will grow in the future and, more specifically, how an individual city or county's revenues grow within an individual jurisdiction.

Because it is impossible to foresee differential growth rates, anticipating the dollar-for-dollar outcome of the revenue swap for individual cities and counties is guesswork. Some organizations have looked to historical data for guidance, including the Gateway Cities Council of Governments, which applied AB 1221 retroactively with 1994 as the base year (see attached). However, as consultant Michael Coleman cautions, a city's revenue growth cannot be determined based on past patterns because "What happened in the past is in the past, and we cannot expect any particular previous five or ten year period to match the next."

Nevertheless, the wide disparity of revenue rates is worrying. Consider the Department of Finance's annual statewide growth rates of property tax and sales tax receipts listed below. In some years, property tax receipts exceed sales tax receipts by as much as 12.5% (FY91-92). Cities gain revenues according to AB 1221 in this scenario. In other years, however, sales tax receipts exceeded property tax receipts by as much as 7.2% (FY95-96). Here, cities lose.

Fiscal Year	Property Tax	Sales and Use Tax
90-91	11.7%	1.1%
91-92	7.9%	(4.6%)
92-93	5.1%	1.8%
93-94	2.8%	0.7%
94-95	1.3%	6.4%
95-96	0.7%	7.9%
96-97	1.1%	5.1%
97-98	2.8%	5.9%
98-99	4.8%	5.4%
99-00	6.9%	12.7%
00-01	7.8%	0.7%
01-02	9.1%	0.4%
02-03 (estimate)	7.2%	4.7%
03-04 (estimate)	8.0%	3.9%

Regional Council and CEHD Members may wish to consult the AB 1221 Calculator provided by The HdL Companies at www.hdlcompanies.com to review the effect AB 1221 could have on their cities in any five-year period.

In addition to the vagaries of differential growth rates, AB 1221 can negatively individual cities depending on individual circumstances.

Cities with substantial redevelopment programs are unlikely to benefit from AB 1221 for the reasons articulated in the discussion of the RCPG Principle 6: tax increment is diverted from local taxing agencies, creating a drain on property tax growth. Because of this, redevelopment may become less attractive to cities in the short term, even if they ultimately stand to gain additional revenues when the redevelopment closes.

Cities with plans for substantial commercial development, including regional retail, would receive less net revenue under AB 1221 than the current system. It is believed that city revenues from the land use development would still exceed the city's added service costs.

The likely experience of built-out cities, which generally predict steadier growth in property tax revenue than in sales tax revenue, is unknown. They may fare well under AB 1221 given the property tax revenue growth based on resale/market increases.

Given the impossibility of knowing what the future holds economically, and considering the variety of tax practices throughout the SCAG region, it is likely that despite Assembly Members Steinberg and Campbell's assertions to the contrary, there will be revenue winners and losers among the SCAG membership if AB 1221 is enacted. The fiscal harm to cities will result if AB 1221 is enacted in its present form. Significant amendment is required to safeguard cities from negative net revenues, starting with a constitutional protection for local revenues.

The authors have signaled their willingness to make amendments in exchange for the support of the League of California Cities. Whether those discussions will bear fruit is unknown. Other technical amendments must be made in addition to substantive amendments. For instance, AB 1221 will have the effect of requiring all local jurisdictions to adopt new sales and use tax ordinances if they wish to continue levying Bradley-Burns sales and use taxes. Adopting those new ordinances may be complicated in some counties that require all cities to adopt new tax ordinances before any city's ordinance is operative. Also, by increasing the state sales tax by 0.5%, General Fund revenues will increase, raising the state's school funding obligations under Proposition 98. It is unclear whether these increased funding obligations will leave the state with enough revenue to backfill counties' ERAF accounts after the swap.

Conclusion

From a regional perspective, AB 1221 has the potential to positively affect the quality of life of Southern California. Its stated purpose, to reduce the fiscalization of land use and encourage home building, is consistent with or mirrored in public finance and growth visioning principles adopted by the Regional Council on at least two occasions. A support in concept position is merited. Nevertheless, gauging the outcomes of the practical application of the bill requires too much speculation and suggests that many SCAG members will lose, rather than gain, revenue. Significant amendments must be made before staff can recommend unqualified support.

SUPPORT:
Organizations in support of AB 1221 include:
- CSAC (in concept)
- County of Riverside
- County of Sacramento (in concept)

OPPOSE:
Organizations that oppose AB 1221 include:
- League of California Cities (unless amended)
- California Contract Cities Association
- Cities (within the SCAG region) of Fountain Valley, Garden Grove, Hemet, Palm Dessert, Pico Rivera, and Simi Valley

BILL STATUS:
The Assembly Appropriations Committee is scheduled to hear AB 1221 on May 28th. In the meantime, it has been referred to the Appropriations Suspense File.

FISCAL IMPACT:
All work related to adopting the recommended staff action is contained within the adopted FY 02/03 budget and adopted 2003 SCAG Legislative Program and does not require the allocation of any additional financial resources.

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SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

AMENDED IN ASSEMBLY APRIL 21, 2003

AMENDED IN ASSEMBLY MARCH 25, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL No. 1221

Introduced by Assembly Members Steinberg and Campbell
(Principal coauthor: Assembly Member Montanez)
(Coauthors: Assembly Members Leno, Lieber, Mullin, and Wiggins)

February 21, 2003

An act to amend Section 29530 of the Government Code, to amend Sections 6051, 6201, 7202, and 7203 of, and to add Section 97.68 to, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1221, as amended, Steinberg. Taxation.

(1) Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of

property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes a county to impose a local sales and use tax at a rate of $1^1/_4$%, and similarly authorizes a city, located within a county imposing such a tax rate, to impose a local sales tax rate of 1% that is credited against the county rate. Existing law requires a city, county, or city and county imposing a local sales and use tax pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law to contract with the State Board of Equalization to administer the local sales and use tax. Existing law also requires the board, at least twice during each calendar quarter, to transmit local sales and use tax revenue to the city, county, or city and county in which the revenue was collected.

This bill would, on and after July 1, 2004, prohibit a city from imposing a sales and use tax under the Bradley-Burns Uniform Local Sales and Use Tax Law at a rate in excess of $^1/_2$ of 1% and prohibit a county from imposing sales and use tax under that law at a rate in excess of $^3/_4$ of 1%.

This bill would also, for the 2004–05 fiscal year, increase the amount of ad valorem property tax revenue deemed allocated to a county or city in the 2003–04 fiscal year by that county or city's reimbursement amount, as defined, and correspondingly decrease the amount of ad valorem property tax revenue allocated to a county's Educational Revenue Augmentation Fund by the countywide adjustment amount, as defined. This bill would also require the board to make certain calculations and to notify county auditors of these calculations. This bill would render inoperative other provisions of the bill if a specified ~~statue~~ *statute* is amended in a manner that reduces the amount of ad valorem property tax revenue that is allocated to cities and counties under the bill. This bill would also make conforming changes to corresponding provisions. By imposing new duties upon local tax officials in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

(2) The California Constitution requires for each fiscal year that a minimum amount of money, computed under one of 3 formulas, be set

aside from all state revenues for the support of school districts and community college districts.

This bill would state the intent of the Legislature that the state maintain its aggregate funding obligations under these provisions.

(3) The Sales and Use Tax Law provides for the levy of a state sales and use tax upon the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property.

This bill would, on and after July 1, 2004, increase the sales and use tax rate under that law by $^1/_2$ of 1%.

This bill would result in a change in state taxes for the purpose of increasing revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $^2/_3$ of the membership of each house of the Legislature.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed $1,000,000 statewide and other procedures for claims whose statewide costs exceed $1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: $^2/_3$. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the California Balanced Communities Act of 2003.

SEC. 2. Section 29530 of the Government Code is amended to read:

29530. (a) If the board of supervisors so agrees by contract with the State Board of Equalization, the board of supervisors shall establish a local transportation fund in the county treasury and shall deposit in the fund all revenues transmitted to the county by the State Board of Equalization under Section 7204 of the Revenue and Taxation Code, which are derived from that portion of the

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taxes imposed by the county at a rate in excess of 1 percent, and on and after July 1, 2004, in excess of one-half of 1 percent, pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of that code, less an allocation of the cost of the services of the State Board of Equalization in administering the sales and use tax ordinance related to the rate in excess of 1 percent, and on and after July 1, 2004, in excess of one-half of 1 percent, and of the Director of Transportation and the Controller in administering the responsibilities assigned to him or her in Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code.

(b) Any interest or other income earned by investment or otherwise of the local transportation fund shall accrue to and be a part of the fund.

SEC. 3. Section 97.68 is added to the Revenue and Taxation Code, to read:

97.68. (a) Notwithstanding any other provision of this chapter, for purposes of annual ad valorem property tax revenue allocations in the 2004–05 fiscal year, all of the following apply:

(1) The total amount of ad valorem property tax revenue deemed allocated to a county in the 2003–04 fiscal year shall be increased by the county reimbursement amount.

(2) The total amount of ad valorem property tax revenue deemed allocated to a city in the 2003–04 fiscal year shall be increased by that city's city reimbursement amount.

(3) The total amount of ad valorem property tax revenue deemed allocated to a county's Educational Revenue Augmentation Fund in the 2003–04 fiscal year shall be reduced by the countywide adjustment amount.

(b) For the 2004–05 fiscal year and each fiscal year thereafter, ad valorem property tax revenue allocations made pursuant to Section 96.1 shall fully incorporate the allocation adjustments required by this section.

(c) Any reduction resulting from subdivision (a) in the amount of ad valorem property tax revenue deposited in a county's Educational Revenue Augmentation Fund shall be applied exclusively to reduce the amount of revenue allocated from that fund to school districts and county offices of education, and may not be applied to reduce the amount of revenue allocated from that fund to community college districts.

(d) For purposes of this section:

(1) "City reimbursement amount" means the difference between the following two amounts:

(A) The amount of revenue that a city would have received pursuant to Section 7204 in the 2003–04 fiscal year if that city had imposed a sales and use tax at a rate of one-half of 1 percent.

(B) The amount of revenue that the city received pursuant to Section 7204 *in* the 2003–04 fiscal year.

(2) "County reimbursement amount" means the difference between the following two amounts:

(A) The amount of revenue that the county would have received pursuant to Section 7204 in the 2003–04 fiscal year if that county had imposed a sales and use tax at a rate of three-quarters of 1 percent.

(B) The amount of revenue that the county received pursuant to Section 7204 in the 2003–04 fiscal year.

(3) "Countywide adjustment amount" means the combined total amounts determined pursuant to paragraphs (2) and (3) for the county and each city in that county.

(4) The board shall make the calculations specified in paragraphs (1) and (2), and shall notify the auditor of each county of these amounts on or before July 14, 2004.

SEC. 4. Section 6051 of the Revenue and Taxation Code is amended to read:

6051. For the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of $2^1/_2$ percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in this state on or after August 1, 1933, and to and including June 30, 1935, and at the rate of 3 percent thereafter, and at the rate of $2^1/_2$ percent on and after July 1, 1943, and to and including June 30, 1949, and at the rate of 3 percent on and after July 1, 1949, and to and including July 31, 1967, and at the rate of 4 percent on and after August 1, 1967, and to and including June 30, 1972, and at the rate of $3^3/_4$ percent on and after July 1, 1972, and to and including June 30, 1973, and at the rate of $4^3/_4$ percent on and after July 1, 1973, and to and including September 30, 1973, and at the rate of $3^3/_4$ percent on and after October 1, 1973, and to and including March 31, 1974, and at the rate of $4^3/_4$ percent to and including June 30, 2004, and at the rate of $5^1/_4$ percent on and after July 1, 2004.

SEC. 5. Section 6201 of the Revenue and Taxation Code is amended to read:

6201. An excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property purchased from any retailer on or after July 1, 1935, for storage, use, or other consumption in this state at the rate of 3 percent of the sales price of the property, and at the rate of $2^1/_2$ percent on and after July 1, 1943, and to and including June 30, 1949, and at the rate of 3 percent on and after July 1, 1949, and to and including July 31, 1967, and at the rate of 4 percent on and after August 1, 1967, and to and including June 30, 1972, and at the rate of 3 $^3/_4$ percent on and after July 1, 1972, and to and including June 30, 1973, and at the rate of $4^3/_4$ percent on and after July 1, 1973, and to and including September 30, 1973, and at the rate of $3^3/_4$ percent on and after October 1, 1973, and to and including March 31, 1974, and at the rate of $4^3/_4$ percent to and including June 30, 2004, and at the rate of $5^1/_4$ percent on and after July 1, 2004.

SEC. 6. Section 7202 of the Revenue and Taxation Code is amended to read:

7202. The sales tax portion of any sales and use tax ordinance adopted under this part shall be imposed for the privilege of selling tangible personal property at retail, and shall include provisions in substance as follows:

(a) A provision imposing a tax for the privilege of selling tangible personal property at retail upon every retailer in the county at the rate of $1^1/_4$ percent, and on and after July 1, 2004, three-quarters of 1 percent, of the gross receipts of the retailer from the sale of all tangible personal property sold by that person at retail in the county.

(b) Provisions identical to those contained in Part 1 (commencing with Section 6001), insofar as they relate to sales taxes, except that the name of the county as the taxing agency shall be substituted for that of the state and that an additional seller's permit shall not be required if one has been or is issued to the seller under Section 6067.

(c) A provision that all amendments subsequent to the effective date of the enactment of Part 1 (commencing with Section 6001) relating to sales tax and not inconsistent with this part, shall automatically become a part of the sales tax ordinance of the county.

(d) A provision that the county shall contract prior to the effective date of the county sales and use tax ordinances with the State Board of Equalization to perform all functions incident to the administration or operation of the sales and use tax ordinance of the county. ~~Any such~~ *This* contract shall contain a provision that the county agrees to comply with the provisions of Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code.

(e) A provision that the ordinance may be made inoperative not less than 60 days, but not earlier than the first day of the calendar quarter, following the county's lack of compliance with Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code or following an increase by any city within the county of the rate of its sales or use tax above the rate in effect at the time the county ordinance was enacted.

(f) A provision that the amount subject to tax shall not include the amount of any sales tax or use tax imposed by the State of California upon a retailer or consumer.

(g) A provision that there is exempted from the sales tax 80 percent of the gross receipts from the sale of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of the aircraft as common carriers of persons or property under the authority of the laws of this state, the United States, or any foreign government.

(h) A provision that any person subject to a sales and use tax under the county ordinance shall be entitled to credit against the payment of taxes due under that ordinance the amount of sales and use tax due to any city in the county; provided, that the city sales and use tax is levied under an ordinance including provisions in substance as follows:

(1) A provision imposing a tax for the privilege of selling tangible personal property at retail upon every retailer in the city at the rate of 1 percent or less, and on and after July 1, 2004, one-half of 1 percent or less, of the gross receipts of the retailer from the sale of all tangible personal property sold by that person at retail in the city and a use tax of 1 percent or less of purchase price upon the storage, use or other consumption of tangible

personal property purchased from a retailer for storage, use or consumption in the city.

(2) Provisions identical to those contained in Part 1 (commencing with Section 6001), insofar as they relate to sales and use taxes, except that the name of the city as the taxing agency shall be substituted for that of the state (but the name of the city shall not be substituted for the word "state" in the phrase "retailer engaged in business in this state" in Section 6203 nor in the definition of that phrase in Section 6203) and that an additional seller's permit shall not be required if one has been or is issued to the seller under Section 6067.

(3) A provision that all amendments subsequent to the effective date of the enactment of Part 1 (commencing with Section 6001) relating to sales and use tax and not inconsistent with this part, shall automatically become a part of the sales and use tax ordinance of the city.

(4) A provision that the city shall contract prior to the effective date of the city sales and use tax ordinance with the State Board of Equalization to perform all functions incident to the administration or operation of the sales and use tax ordinance of the city which shall continue in effect so long as the county within which the city is located has an operative sales and use tax ordinance enacted pursuant to this part.

(5) A provision that the storage, use or other consumption of tangible personal property, the gross receipts from the sale of which has been subject to sales tax under a sales and use tax ordinance enacted in accordance with this part by any city and county, county, or city in this state, shall be exempt from the tax due under this ordinance.

(6) A provision that the amount subject to tax shall not include the amount of any sales tax or use tax imposed by the State of California upon a retailer or consumer.

(7) A provision that there are exempted from the computation of the amount of the sales tax the gross receipts from the sale of tangible personal property to operators of aircraft to be used or consumed principally outside the city in which the sale is made and directly and exclusively in the use of the aircraft as common carriers of persons or property under the authority of the laws of this state, the United States, or any foreign government.

(8) A provision that, in addition to the exemptions provided in Sections 6366 and 6366.1, the storage, use, or other consumption of tangible personal property purchased by operators of aircraft and used or consumed by the operators directly and exclusively in the use of the aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government is exempt from the use tax.

SEC. 7. Section 7203 of the Revenue and Taxation Code is amended to read:

7203. The use tax portion of any sales and use tax ordinance adopted under this part shall impose a complementary tax upon the storage, use or other consumption in the county of tangible personal property purchased from any retailer for storage, use or other consumption in the county. That tax shall be at the rate of $1^1/_4$ percent, and on and after July 1, 2004, three-quarters of 1 percent, of the sales price of the property whose storage, use or other consumption is subject to the tax and shall include:

(a) Provisions identical to the provisions contained in Part 1 (commencing with Section 6001), other than Section 6201 insofar as those provisions relate to the use tax, except that the name of the county as the taxing agency enacting the ordinance shall be substituted for that of the state (but the name of the county shall not be substituted for the word "state" in the phrase "retailer engaged in business in this state" in Section 6203 nor in the definition of that phrase in Section 6203).

(b) A provision that all amendments subsequent to the date of ~~such~~ *the* ordinance to the provisions of the Revenue and Taxation Code relating to the use tax and not inconsistent with this part shall automatically become a part of the ordinance.

(c) A provision that the storage, use or other consumption of tangible personal property, the gross receipts from the sale of which has been subject to sales tax under a sales and use tax ordinance enacted in accordance with this part by any city and county, county, or city in this state, shall be exempt from the tax due under this ordinance.

(d) A provision that the amount subject to tax shall not include the amount of any sales tax or use tax imposed by the State of California upon a retailer or consumer.

(e) A provision that, in addition to the exemptions provided in Sections 6366 and 6366.1, the storage, use, or other consumption of tangible personal property, other than fuel or petroleum products, purchased by operators of aircraft and used or consumed by the operators directly and exclusively in the use of the aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States or any foreign government is exempt from 80 percent of the use tax.

SEC. 8. It is the intent of the Legislature in enacting this act that the state maintain its aggregate funding obligations under Section 8 of Article XVI of the California Constitution.

SEC. 9. If Section 97.68 of the Revenue and Taxation Code is amended in a manner that results in a reduction in the amount of ad valorem property tax revenue that is allocated to a city or county pursuant to this act, Sections 2, 3, 4, 5, 6, 7, and 8 of this act shall cease to be operative.

SEC. 10. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars ($1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

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E. PRINCIPLES AND OPTIONS FOR IMPROVING THE SYSTEM OF PUBLIC FINANCE

In view of the problems with the current system of public finance, discussed above, what steps could be taken to begin developing a more rational, responsive and understandable system?

Four broad goals, consistent with the overall goals of the Regional Comprehensive Plan and Guide, are suggested for any financial restructuring:

- Incentives for economic growth and removal of impediments
- Enhanced accountability of governmental units
- Improved effectiveness of regional and subregional decision-making
- Improved service levels, government responsiveness and public participation

To work towards these goals the Regional Council offers the following principles and options:

1. Basic Assumptions Underlying Reform Principles and Options

No governmental structure and no associated financing system is likely to be perfect in a world in which citizens sometimes desire contradictory things, and in which economic changes alter realities in relatively unpredictable ways, at least in the short run. The system of local public finance as it affects Southern California today appears to substantially prevent outcomes which its citizens want. There is no single cause or remedy. This situation is a result of two decades of incremental, piecemeal reforms that were intended to do things citizens regarded as good, but which in the aggregate have not worked out.

Avoiding negative, unintended consequences must be at the heart of any recommendations for changes to the region's public finance system. The process of reforming the system must be guided by four important assumptions. Only then will the public finance system be able to serve regional and subregional decision making, meet the goals of the Regional Comprehensive Plan and Guide, and adequately support the operation of local governments.

a. Changes of Structure and of Financing Should Preferably be Considered Simultaneously

Even in the aftermath of the Orange County crisis, many reform suggestions refer either to structural changes (e.g., sort out the service functions of counties and cities) or to financing (e.g. return the property tax to the cities) but not to both simultaneously. No clearer example than the proposal to appoint rather than elect county treasurers need be put forward. Since the Progressive era, local governments in California counties have had myriad independent, separately elected officeholders, following the decentralization model also true of State government. Now, because of the Orange County crisis, there are many proposals to have the Board of Supervisors appoint the treasurer. But the goal is not structural; it is to prevent the kind of irresponsible policies that the Orange County treasurer was able to engage in. Financing outcomes should be addressed simultaneously with discussions of government structure, not in isolation from them.

b. Both Reforms Which are Achievable in the Short-Term and Far-Reaching Reforms For the Long-Term Should be Discussed

Well meaning but perhaps shortsighted reforms, largely arising out of the initiative process, have played a large part in shaping the current situation. Therefore, the reform discussion should not only address short term reforms to immediate issues, but should link them to longer term and more far-reaching changes[33]. In service of this idea, many of the reform suggestions discussed below are organized under principles to reach them. The *principles* represent a consensus of the Regional Council, and should form the basic structure of any new public finance system for Southern California.

The *options* presented below do not necessarily represent a consensus among SCAG's leadership. Until a specific package of reforms is developed and analyzed in detail for its impact on Southern California, it would be irresponsible to take an absolute position on them. SCAG's new local finance data base, described above, which will be updated annually, should permit each subregion to examine in detail the consequences of alternative reform packages, prior to accepting or rejecting a particular set of options.

c. Financial Reforms Can Be Undertaken Independent of Any Move To Restructure Local Governance

In raising the issue of reforming local government and governance, SCAG is in no way suggesting that the region needs a new layer of government at the Regional level. Local governments, working together as the citizens dictate will make the future system work. The current national discussion about using states as "laboratories of experimentation"[34] through decentralization of federal programs like welfare, is, in fact, somewhat misleading. At least in a state as large as California, in which there are substantial questions about whether the State is now the appropriate boundary of interest and capacity to make public policy, and in light of the long standing differences in characteristics of the northern and southern parts of the State, it is the local governments organized together in a region which are the best laboratories of experimentation.

The structure envisioned below permits local governments to decide what cooperative arrangements, single purpose or independent, should be made to finance services in transportation, environmental or land use planning. There are many financing issues which are regional in nature; an overlay of regional finance is needed to accomplish particular regional goals, but it need not be a new layer of "government." Rather, it is the firm conviction of the Regional Council that to succeed, it must be based on voluntary arrangements freely and cooperatively entered into by existing local authorities.

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[33] The CCRC is recommending that a legislative process for the review, amendment and enactment of proposed initiatives be created. Under their recommendation a statutory initiative measure which has qualified for the ballot would not be placed on the ballot if the Legislature enacts a measure that is substantially the same and furthers the purposes of the proposal. A similar process would be used for initiative constitutional amendments. In addition, all amendments would be placed on the November ballot except by extraordinary Legislative vote and with gubernatorial approval. The Legislature would also have the authority with gubernatorial approval to amend statutory initiatives after they were in effect for four years.

[34] The phrase was penned by U.S. Supreme Court Justice Brandeis in New State Ice Co. v. Liebmann, 285 U.S. 262 (1932).

d. The Implementation of a New Finance System Will Require an Extended Transition Process

One guiding assumption is that, at least initially, the revenue levels of existing jurisdictions will be grandfathered by any new system and that a multi-year implementation process will be adopted which assumes a reconciliation process for making adjustments in revenue and service levels during the transition period. Multi-year implementation assumes that existing efforts by localities to improve and coordinate, as appropriate, their financing systems will continue to be rewarded. This will avoid penalizing jurisdictions for trying to make improvements in the operation of the current system while a new system is being put in place.

Some may regard grandfathering as a subterfuge. But failure to recognize that governments will seek to maintain current practices which they believe are working will instead lead to circumvention and resistance to change.

2. Finance System Reform Principles for Southern California, and Options to Implement Them

The discussion of each of the principles described below begins with a statement of the problem to which it responds. It then notes, where appropriate, any current efforts under way to address it, and finally describes various options for resolving it. As mentioned above, while there is consensus about the principles, the various options are still under active discussion and debate.

a. Principle #1 -- Different Local Finance Models Can Be Followed in Different Parts of the State

(1) Statement of the Problem

The northern, central and southern portions of the State have different demographic and socio-economic profiles. Even more important from the viewpoint of public finance, they do not necessarily behave similarly in economic terms. Thus since one of the goals of the RCPG is to facilitate restructuring of the economy, it is important to allow somewhat different finance systems in the different regions of the state to promote this goal.

The behavior of each part of the state in the recession is indicative of the differences in their economies. Clearly the recession hit hardest in Southern California. In fact, in 1991, four out of five job losses statewide occurred in the Los Angeles area, whose job base shrank by 4.1%, compared with a 2.1% drop statewide. The same argument can be made for permitting subregional diversity within the larger regional context. Jobs in the Inland Empire declined in this period by 0.9%, perhaps because continued population growth supported service related jobs generated by the needs of the new population, compared with a 4.9% decrease in Los Angeles County and 3.8% in Orange County.

(2) Options for the SCAG Region

Subject to more definitive legal analysis, it would appear that Article XI, Section 5 of the State Constitution, which requires that "[all] charters ... should be subject to and controlled by general laws except in the area of municipal affairs," already provides a vehicle for pursuing this differentiation. It clearly suggests that there is

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a sphere in which local governments are sovereign and in which state law cannot preempt local initiative.[35] Although there is considerable confusion created by judicial interpretations of this clause, particularly as it has been applied to recent financing reform efforts by the City of Los Angeles,[36] it is worth considering that by adding the power to tax to the "municipal affairs" preemption the State could enable local governments in Southern California to adopt different financing systems for local needs than those in other regions. The benefit of this decidedly local decision-making structure would be increased accountability, which, as indicated below, is perhaps the most critical of the core aims of this reform package.

b. <u>Principle #2 -- Any Reallocation of Sources of Revenues Must Insure that the State, at the Time of Implementation, Does not Collect more Total Tax Revenue Under the New System than it Did Previously, Although the Burden may Be Shifted Among Groups of Taxpayers.</u>

(1) Statement of the Problem

The guarantee must be that, although the forms of taxation may change, and service levels are maintained at the start, at the time of transition to the new structure, the amounts collected will be no greater than prior to implementation. Ultimately, services must be balanced by receipts, or, under the new system, services will then be cut back.

(2) Options for the SCAG Region

To facilitate public review of proposed taxing and spending neutrality, each government or group of governments forming a new cooperative arrangement for service delivery (the nature of which is discussed below) should be required to provide to the subregional public it affects, and to each of its constituent governments, a single, multi-year budget. This budget should show the level of past revenue for the function being discussed, by funding source, discounted to present value. It should also demonstrate how service levels are being maintained, reduced or raised, under that limit. This budget should be clear, and publicized. When shifts are recommended, such as the shifting of special district property tax revenues to cities and counties, and special districts respond by raising user fees and charges, the aggregate, not just the pieces, should be examined.

c. <u>Principle #3 -- Flexible Fiscal Management is Needed at the Scale of the Subregion and the Region</u>

(1) Statement of the Problem:

Corporations engage in mergers and acquisitions to address changing conditions. Local government cannot easily change its form when conditions change. SCAG and other members of CALCOG (California

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[35] This discussion relies on the work of Daniel B. Rodriguez, Professor of Law, University of California-Berkeley (Boalt Hall School of Law) op.cit., as represented in his paper for the Conference on California Constitutional Reform.

[36] The Court struck down a business license tax imposed by the City of Los Angeles on corporations doing business in its boundaries on the grounds that it conflicted with the state's scheme of taxation for financial institutions. The court, however, did uphold a campaign reform law which established a scheme of public financing for local elections on the grounds that it superseded conflicting state law.

Association of Councils of Governments) have proposed the concept of "Community Charters" which would enable local governments to restructure themselves to provide improved services, accountability and responsibility. This concept was endorsed by the California Constitutional Revision Commission (CCRC). Establishment of this or another type of local government reorganization process which permits *ongoing* reorganization over time must be seen as a priority.

While notions of restructuring and re-engineering have become part of the common lexicon of describing what governments should do, reinventing government and re-engineering corporations are not necessarily identical processes. The substance of what governments do is often quite different from that of private companies. However, the goal of delivering better, more effective service with fewer resources (i.e. being more productive), is not. Also, at first blush, there is no reason why the three key elements in any effort to restructure a complex organization. These are (1), a focus on processes rather than formal organization; (2), the achievement of quantum rather than incremental change and (3), the use of information technology to enable goals to be achieved. They should be applied with equal force, if the flexibility to do so is given to governments.

(2) Current Efforts to Resolve It

As indicated above, flexible "community charters" would create by voter approval new multi-agency structures to provide services in the area that they serve. The SCAG Finance Task Force has developed a more detailed outline for this concept:

a. These charters should allow the voters within the charter area to restructure all single purpose special districts within the service area of the charter.

b. These charters should allow for a more flexible fiscal structure, consistent with the present powers available to charter cities. This should include:

1. The right to adopt local taxes and fees in the manner prescribed by the voters adopting the charter.

2. The right to issue debt in the manner prescribed by the voters adopting the charter.

3. The right to use all revenue sources not specifically preempted by the State Constitution.

4. The right to pool or share revenues for joint service delivery.

c. These charters should allow the voters within the boundaries of the area of the charter entity to reorganize governmental structures and boundaries. This would include:

1. The transfer of areas from unincorporated to incorporated.

2. The de-annexation of areas from one city and the attachment to another.

3. The redefinition of the boundaries of special districts to coincide with the boundaries of the charter.

4. The merger of local governments within the area of the Charter entity.

In other words, the Community Charter Entities should be understood as the grassroots reform of government in the State of California. It should also be emphasized that rather than a one-time process, the priority should be the establishment of the capacity for ongoing, continuous, flexible reorganization or Charter revision.

Although there are other possible approaches to reorganization, SCAG believes that in any such reform, form should follow function and fiscal resources, and not be the result of an arbitrary reassignment of state and local responsibilities. The first step must be to figure out *who finances what from which sources*, and not who should do what. The State needs to produce sensible performance standards and take upon itself those functions where externalities control what regional or subregional or local organizations can do (e.g., welfare is a consequence of the national economy and migration; education is required and subject to state established guidelines). Beyond these standards and functions, local organizations should be given considerable freedom in determining responsibility, revenue and delivery patterns at the subregional and regional levels. In this regard the SCAG Finance Task Force has recommended that the Charter Entities should have the authority to take over, *at their discretion*, all State services provided within their service areas. They should be granted:

1. the authority to negotiate contracts with the state to provide state services and receive funding from the state for those purposes.

2. powers to develop incentives for economic growth; e.g. Enterprise Zones.

3. authority to structure tax credits for local and State taxes.

It should be mentioned that before ultimately recommending that local communities instead be given an incentive to establish their own charters as the reorganization process, the CCRC also considered an alternative that would stimulate local reorganizations by pooling all funds received by all local entities within each of the 58 counties and requiring local officials to apportion local responsibilities and revenues based on local priorities within a specified time period

(3) Options for the SCAG Region

As noted above, the Regional Council supports provision for a flexible financing reform process which could be tailored for Southern California by its localities. Once such a process, which could be granted by constitutional amendment to the municipal affairs clause, is established, statutes should also be designed within the region to address seven more specific aspects of flexibility within the local finance systems.

- There is local consensus in Southern California that an easier mechanism for geographical and service consolidation is badly needed. A first step would be the replacement or reform of the Local Agency Formation Commission (LAFCO) system. At present, the rules under which the system operate generate inefficiencies. Legislation has already been introduced which would require an agreement between counties and cities before counties could develop in their spheres of influence. A possible extension of this concept would be to better define the role of a LAFCO so that its decision-making authority would be clear as to when incorporations and annexations should be approved. The LAFCO process should not aid counties to retain land by allowing them unbridled discretion in negotiating tax transfer agreements. Consideration could also be given to requiring LAFCO members to abstain from voting if a LAFCO action affects land over which the LAFCO member has authority.

- There is local consensus to eliminate statutory and regulatory barriers that block local agreements to consolidate or operate cooperative programs among cities, counties, school districts and special districts.
- There is also the possibility that the charter entity may want to have the authority to allow the people to vote to raise taxes for particular services without first needing to obtain legislative approval (e.g. for residential services like waste disposal).
- A fourth aspect might be easier mechanisms for revenue sharing. These would allow localities to shift tax revenues between entities to fund highest priority programs.
- The region might also seek the suspension of State maintenance-of-effort requirements in county-administered programs. This provision envisions allowing counties to restructure, under the revised Article on municipal affairs, as long as the changes serve the goal of more rational service delivery.
- A rational system should also transfer Gann limits automatically if service responsibilities are shifted.
- Charters could authorize local general obligation bonds to be approved by a simple majority vote, rather than the constitutionally required two-thirds supermajority vote. This should be designed to permit local governments to stop creating financing instruments to avoid the supermajority vote, which has led them to incur significant amounts of debt on more costly terms and conditions than if they were issuing bonds.[37]

d. Principle #4 -- Revenue Incentives Need to Be Restructured to Maximize the Attraction and Maintenance of Quality Jobs in the Region

(1) Statement of the Problem

Put another way, the goal of the finance system must be to help raise the regional standard of living.

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[37] California is one of five states that requires a supermajority to pass tax and budget bills and state and local bond issues. A simple majority vote is required for a tax decrease. An initiative increasing taxes can be passed by voters with a majority vote. The CCRC has recommended a simple majority vote to pass the State budget, amending Article IV, Section 12 (d) of the State Constitution which currently requires the budget to be passed by a two thirds roll call vote of the legislature except for school appropriations. Were this provision to be adopted, there would be grounds for a similar amendment with respect to tax increases and local bond issues. Nevertheless, as noted above, current Court interpretations drive the system the other way. There is additional confusion around local tax increases. Article XIIIA, Section 4 permits counties, cities and special districts to pass "special" tax increases with a two-thirds vote but "general" tax increases through a simple majority vote or a vote of their governing body. The test for what constitutes a local "special" or "general" tax is entirely unclear and the lack of clarity may be increasing local cynicism and contributing to citizen lack of understanding about the local public sector financial system.

Any change in the finance system at the local level in Southern California must be integrated with changes at the State level. The overarching philosophy of these changes in Southern California is, however, to bring quality jobs to the region. This means that revenues should be raised in ways which are tied to encouraging the growth of the economy itself. The resistance to taxation and government arises from the fact that citizens can no longer afford the current practices of government. Real per capita income in the region has declined, and people have less discretionary income. Unless real income is increased, public revenues cannot be increased. Thus, government must do the same for less or be reduced in scale unless and until incomes rise.

Metropolitan areas like Southern California are labor markets. Cities and counties and special districts are legal constructs that have economic meaning as places where people consume public services and where those services are at least partially financed. With the exception of the role of local taxes in business locational decisions and production costs, governmental boundaries have little meaning as separable units of private production, income generation or wealth creation. For these activities the relevant economic unit is the entire metropolitan area. This is the geography that encompasses the functional labor, housing and land markets. There are no formal barriers to trade that restrict investment or mobility between cities and counties in the metropolitan area. The only relevant friction is spatial: when distances become too great, workers living in one place become more costly than those living in closer places.

(2) Current Efforts to Resolve It

The CCRC has put forward excellent recommendations for changing the local finance system. But, whatever their merits as specific proposals, none are driven by the kind of economic orientation desired for Southern California under the RCPG. It must be emphasized that economic growth is generated regionally in the labor and land markets and that the financial health of the region determines how much each jurisdiction will have in revenues to pay for services, and how much it will have to tax, except to the extent that the State redistributes its resources.[38]

CCRC has indicated, on its list of overall priorities, that these priorities include "considering the need for a long term economic strategy." Southern California's leaders want to emphasize that government structure and finance must be tied to promoting local economic performance.

(3) Options for the SCAG Region

The functional economic unit which should be the focus of public financing discussions is the region. The economy of the U.S. is built on interdependent, urban-centered regional economies. The SCAG region competes with the other similar regions on behalf of the people in its local labor market, and those who own property in the regional property markets. This orientation has distinct implications for the sales tax financing system on which the State is so dependent, which have not yet been clearly addressed:

[38] In the economists' lingo, taxes are an externality. Where fiscal externalities are severe and cause broad decentralization which burdens the transportation system, as here, another negative externality occurs -- agglomeration economies are lost, increasing the cost of production compared to other places. This too inhibits economic growth. The quality of public education and the reputation of the region for being business friendly or unfriendly are also externalities. Where public education is thought to be producing inferior workers, damage is done to the image of the region, which will in turn increase the investor's perceived risks and deter new business formation here.

- First, we believe that the tax system needs to be restructured to reflect the shift in the structure of the economy.

  In particular, the sales tax base should be adjusted to the "new economy," so that rates are lowered but revenues rise naturally as the tax base is broadened and growing enterprises expand. Most proposals of this genre envision adding sales taxes to particular kinds of services. When the sales tax was adopted in the 1930s, services accounted for only a small portion of economic activity compared to the purchase of goods. It is commonly agreed that the change to an economy in which consumer expenditures largely buy services, combined with the exclusion of most services from sales tax, has constrained the growth in the sales tax base. Thus, some conclude that the sales tax should be extended.

- Second, the tax system needs to be restructured to provide incentives for local government to create jobs and wealth, not just sales tax receipts.

  Wealth is created through the export of goods and services out of the Region, not by local consumption. Further, the sales tax nexus has had the effect of encouraging efforts to lure sales tax generators from one jurisdiction to another within the region, which does nothing to increase the region's wealth. Because a large part of the SCAG region is built out, incentives for wealth creation must not be tied only to new uses of existing open land. Before any extension of the sales tax is adopted great care should be taken in thinking through the impact of such new tax options on jobs. Sales tax on such services as sporting events and amusement parks, for example, may displace subsistence workers, since prices for these services are already high in Southern California. This concern also extends to such other services as yard and lawn care, haircuts, dry cleaning and other personal services.

- This orientation is also taken by some to mean that the State should disburse the sales tax, after the transition period, not by situs of generation alone, but by a combination of population and degree of local generation. Some have also suggested disbursement reflect in part some measure of need.

e. <u>Principle #5 -- To the Extent that the State Continues to Mandate Functions on the Localities, the State Must Raise and Provide the Necessary Revenues to Local Authorities. Local Governments May, at Their Option, Contract with the State to Provide the Services So Mandated.</u>

(1) Statement of the Problem

As indicated above, the consequences of Proposition 13 include curtailment of the ability of local governments all over the State to shoulder their own financial and service delivery responsibilities. Local governments have tried to forestall drastic cutbacks in services by all kinds of creative financing devices: impact fees, debt financing, user fees, and leveraged financing. Occasionally State and Federal aid has been added to the mix to forestall complete local collapse, as in the aftermath of the Los Angeles earthquake. But papering over the problems now seems to be growing increasingly risky, as Los Angeles County's recent declarations suggest. The State may well react by increasingly defining what must be delivered. Instead of financing it from the State level with subventions of various kinds, its practice has been to give the localities only authorization to raise revenues or to reallocate revenues previously committed, but usually short of demand.

(2) Current Efforts to Resolve It

As part of its recommended state/local realignment process, the CCRC has recommended that the State reconsider the complete range of currently mandated but unreimbursed programs. It also recommends that two current constitutional exemptions to the mandate reimbursement requirements (creation of crimes and pre-1975 mandates) be repealed. In effect, they say, the relationship between the State and local governments should be recreated.

(3) Options for the SCAG Region

SCAG asks for the return of control over generation of revenue through taxes and over the distribution of these revenues to the localities. The State may wish to require local jurisdictions to perform certain functions in certain ways. To the extent that the State continues to require localities to perform a given function in a given manner all such mandates should involve stable revenues. SCAG also supports the CCRC recommendation that the exemption of pre-1975 mandates from state support should be eliminated. In other words, all State mandates should be totally funded by State government. If the State mandates, the State pays.[39]

The State should also minimize the overhead involved in administration and reporting compliance. All options should recognize as a goal the need to improve program delivery locally. All such options should address changing Federal policy, the release of Federal mandates, and the increased use of block grants, particularly in the health and welfare areas. The experience of the 1991 legislative program realignment legislation, which allowed more county flexibility to shift funds between health and welfare programs might be taken as an empirical guide as to what to do and what not to do.[40]

Another way to think about State mandates which might serve as an alternative to the full funding idea described above, is that all mandated State services should be considered State services. They would be performed by State government unless a local or county government agreed by contract to provide the service. This would also apply to those mandates for county services which were effective prior to 1975. The full funding idea and the contracting idea are not necessarily mutually exclusive. As noted above in the discussion of the charter concept, the charter entities approach this in one of three ways. They could either exercise authority to negotiate contracts with the state to provide state services which the state would fund, or they could perform mandated functions with full cost recovery, or they could apply for and achieve exemption from some mandates if they had formed charter entities and met the appropriate tests.

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[39] Under this rubric, a "mandate" is a State established service delivery requirement which is placed on local or county government (or on a set of activities governed through a community charter), or a State performance standard which applies exclusively to local or county government. Health and safety standards established by state authority which apply equally to private and public bodies, e.g. labor laws, would not be considered a mandate on local government.

[40] See Peter Schaafsma, Legislative Analysts's Office, "Making Government Make Sense" February, 1993. Schaafsma's expressed view was that the legislation did provide much greater flexibility for counties to determine spending priorities and also contained many features which encourage a more coordinated approach to service delivery in the health and welfare fields. If southern California county officials agree or disagree, the experience with this legislation may be a good basis on which to comment from a unique experiential base on movement toward block grants.

A further option would be to exempt local governments which have formed community charters from some mandates arising from prescriptive State regulations on service delivery as a way to provide an incentive for areas to enter into charter type agreements. The types of exemptions which should be considered include exemptions from prescriptive regulations or mandates on the structure of affordable housing programs and any prescriptive standards which now govern program operation. The latter would be replaced by a requirement only that some agreed performance standards be met and that a monitoring system to track the achievement of such performance standards be implemented by the charter signatories.

8. f. Principle #6 -- Special Districts With Independent Means to Raise Revenues Should Not Drain Property Taxes from Cities and Counties Unless The Transfer Serves Appropriate Governmental Policy Objectives

(1) Statement of the Problem

The fundamental shift in the public revenues of local government created by Proposition 13 in 1978 also altered the situation of special districts. The initial legislative action assumed that in the post Proposition 13 era, counties would take responsibility for determining the status and usefulness of special districts within their boundaries. The Legislature created a Special District Augmentation Fund to receive state funds earmarked for distributing the property tax to special districts but then delegated the responsibility for apportioning the funds to the counties. Until 1992, counties allocated SDAF revenues. In that year, the State reduced property taxes going into the fund for special districts as well as cities, counties and redevelopment agencies, in order to meet the State's own budget gap. Special districts were to receive no more than 35% of their Proposition 13 allocated property taxes, and no more than 10% of their total resources from the property tax. In 1993, again in order to fill the State's budget gap, special districts were reduced again, along with cities, counties and redevelopment agencies. In the latter case, the entire Special District Augmentation was eliminated and the fund abolished.

There were 855 special districts in Southern California in FY 1992-93, or 17% of the 4,930 statewide total, according to the State Controller. Their sheer numbers make accountability difficult. They also often have the capacity to support themselves, it is frequently argued, because most can collect fees to offset the costs of their services. Therefore, it is argued, they should be weaned from dependence on property tax revenues, which would then be available for broader purposes. But, such a shift is not simple. Special district property tax revenues have often been used to support voter approved debt. To the extent that property values depend on the viability of district owned and operated infrastructure, their use of property taxes is a reasonable revenue source, and provision must be made to ensure security for the repayment of this debt.

(2) Current Efforts to Resolve It

In the past few years the finances of special districts have come under scrutiny by the State legislature. State legislation has imposed sweeping changes in the allocation of property tax revenues from special districts to the state General Fund. In addition, legislative action has empowered LAFCOs to initiate consolidations and reorganizations of special districts, and at the same time required special district representation in LAFCO decisions. However, key issues remain to be addressed. These include differentiation among dependent special districts, which are governed by appointees of the city or county and do not have the power to tax (such as lighting districts), independent districts, which have their own boards and tax and charge fees, enterprise districts, which can recover the costs of services through their fees, and non-enterprise districts, which cannot so support their services. Determinations as to which should remain independent and under what circumstances, and which should be consolidated or phased out at which stages in the development of the service they provide, are critical to moving the discussion of increasing special district efficiency forward.

An interesting experiment has been carried out in Santa Cruz County. The county was allowed in 1993 to pool all Proposition 13 allocated taxes that would otherwise be allocated to enterprise special districts into a Supplemental Allocation Fund under the supervision of the County Board. The county was then permitted to reallocate the funds as it saw fit to either special districts or to its Library Fund. It reallocated 88% to the library system and 12% to public safety, public health and preexisting special district bond indebtedness. Special districts have opposed expansion of this experiment, called the "superpot".[41]

(3) Options for the SCAG Region

This principle contemplates that subregional or regional charter entities would have the authority to eliminate property taxes as a method for funding the special districts in their charter area, and the districts could then be required to readjust their user fees to support their services. Another, not necessarily separate option, is to encourage special district mergers perhaps with financial incentives where counterproductive duplication of services is occurring between districts, and among districts, city and county governments. A more radical alternative is to collapse special districts entirely, as has been recommended by the County Supervisors Association (CSAC) in the past. An intermediate step would be to make all districts subsidiaries to local government so that citizens could look for accountability purposes only to the state or a locality and to no other tier or agency with additional or alternative authority.

Whatever the resolution of the structural overlap issues, as part of the review of taxes and fees for cities and counties, the appropriateness of special district levies should also be examined. The California Special District Association has suggested that the debate over special district use of property tax revenue misrepresents the essential issue. Rather than focus on a special district's use of property tax revenues, they suggest policy makers would be better served by determining if property tax revenues should be treated simply as general fund revenue, or whether they should be treated as a means of enhancing property values. If the latter, then they argue that special districts that enhance property wealth should not be excluded from sharing in property tax revenue.

g. Principle #7 -- Incentives Should Be Created or Disincentives Removed to Encourage Subregional or Regional Service Delivery Where it is Demonstrably Less Expensive, More Efficient and Improves the Business Climate

(1) Statement of the Problem

As indicated in the discussion of the dysfunctions of the current financing system, one set of clear dysfunctions is the elaborate set of discouragements and prohibitions which prevent jurisdictions from improving service efficiency, as opposed to developing more appropriate revenue raising devices. This principle seeks to remove those.

[41] This discussion relies on the work of Allend Lind for the California Special District Association.

(2) Current Efforts to Resolve It

CCRC's recommendation to permit the formation of community charters, that is, agreements between the county and the cities enumerating the services and facilities to be provided, the agencies that will provide these, and the means by which revenues and cost will be allocated, implicitly assumes that the result will be more efficient service delivery. They have proposed such agreements among entities in local areas, which suggests it should be possible to create parallel arrangements for regional services to create a similarly enforceable agreement between counties and cities in a region. Such a regional charter could direct which entities deliver regional goods such as air quality, water quality and transportation facilities and other services in accordance with State statutes.

(3) Options for the SCAG Region

As indicated above, SCAG strongly supports the community charter concept, and has put forward specific recommendations for their structure, authority and operation. As noted in the principle covering special districts, these should also allow the voters within the charter area to restructure all single purpose enterprise and independent special districts within the area of the charter. A first step in the SCAG region might be to create a temporary Regional Commission to study the way service delivery could be improved by sub-regionalization. Candidate services would include solid waste disposal, purchasing, water, use of highway equipment, and Medicaid managed care. Another option, if the State does not enact the requested increase in flexibility for localities, is to at least consider the idea of State districts, which might be consolidated to perform some county functions.

Whatever the vehicle adopted, localities in the region should be allowed to put aside all constitutional and legislative impediments to reorganization, at least temporarily, to allow broad creativity in designing a system that works. Cities should be encouraged to be entrepreneurial. For example, they could be provided with redevelopment like powers, and the capacity to retain tax increment funds from entrepreneurial activities, but without being told that they must do it by creating another layer of government, a separate redevelopment agency.

(h) Principle #8 -- Dedicated Sources of Revenues for Local Services Should Be Created

(1) Statement of the Problem

Article XIII A of the State Constitution changed the property tax from a tax levied locally with tax rates set by local officials, to a tax set and allocated by State statute. Few people recognized at the time how much impact the fact that the State then became the taxing agency would have, since at the time of Proposition 13's passage, the state was in surplus. Today, the consequences are clearer. In 1992 alone, the State shifted $1.3 billion away from cities, counties and other local governments to school districts. Cities lost 9% of their tax revenues, counties lost 8%, and special districts, 35%. In return, in theory, the State granted the counties flexibility to limit health and welfare programs. Unlike some other commentators, SCAG's Regional Council believes that Proposition 13 must be accepted as a given. It may be amended at the edges, but abolition or major change should not be assumed as a basis for moving forward. The same assumption of permanence should be granted for Propositions 4 and 98.

Even so, as discussed in the section on dysfunctions, the current level of uncertainty, about the level and availability of financing for local services is excessive. Localities need dedicated sources of revenue and the power to adjust and amend them. These independent sources of revenue should not be subject to year to year diversion by State legislative action. Moreover, the standard for evaluating these sources should be that, unlike the current sales tax based system, future revenue sources should create efficiencies in the way the region operates.

It is critical that whatever the source of revenue, the public be able to understand where their money is going and who is accountable for its collection and expenditure. The property tax had the advantage that many people understood that some local services (police, fire, street maintenance) were funded by local taxes on property served. They also could express their support or opposition to the level of services and taxes by limiting the latter or voting with their feet to move.

(2) Current Efforts to Resolve It

The Constitutional Revision Commission considered, but did not recommend "establishing a local government finance system that includes the return of the control of the property tax within Proposition 13 limits."[42] The CCRC also examined six options for changing the local finance system in this context:

- Extension of charter city revenue authority to counties. All county and city imposed taxes, other than the property tax, would require approval by a majority vote of the people.

- Taxes used for specific purposes would require a majority vote; taxes used for general or unidentified activities would require a two thirds vote. It was also suggested that each tax proposal be judged with a representation test -- that those who would be paying the tax be the ones who would vote on a tax increase proposal.

- The property tax rate could be changed by a two thirds vote of the people.

- The Commission was also asked to consider allowing the voters to delegate specific taxing authority to the elected governing body.

- Terminate Mello-Roos financing and benefit assessments or tighten the rules on the proliferation of benefits assessments and other mechanisms that "end run" the process.

- Give local agencies the ability to levy and allocate the property tax once either the State or the jurisdictions involved have defined performance standards and the jurisdictions have determined who will provide what services.

One member of the CCRC also suggested at one point that, alternatively, all state funds allocated to counties, cities and special districts be placed in a local, pooled community trust fund. Under this proposal, all cities counties and special districts in a given area would be given a deadline by which to meet to approve a charter of local governance. This charter would establish a plan to provide for the needs of citizens, specifying what public purposes must be funded and would allocate monies from the pool to funds those purposes. This proposal carried a stick rather than a carrot to cause areas to adopt charters. Failure to adopt a charter and an allocation scheme would trigger a reduction such that, while 80 percent of the money received by each agency in the previous fiscal year would be transferred by the state to that agency, the balance would be returned to taxpayers of the county and cities within 90 days. Finally, the charter convention would be

[42] CCRC, April 1995 meeting summary, at p. 7.

authorized to present to the voters a proposal for revenue raising, program reductions or methods of allocation of tax revenues such as sales taxes. The citizens of each county would be entitled to adopt such proposals by a majority vote unless otherwise prohibited by law.[43]

(3) Options for the cities in the SCAG Region

While SCAG supports the CCRC charter idea, the property tax issues must be addressed more directly. One option is to return the entire property tax to localities and identify other sources for school districts. This proposal would leave with the localities utility users taxes, user fees and charges. This proposal assumes sales tax would be applied to new categories of services, as noted above, to make up the difference, but at the State level.

A second version of this notion is that the State would redetermine each city's allocation of property taxes on a formula basis which takes into account the need for services and then return that proportion to the city, with periodic (3 year) revisiting of the formula. After that, local voters would be allowed to raise their own property taxes and if they did so, spend them in their own communities. At the same time, local governments would be given more discretion to set property tax exemptions, although these would be deducted from their guaranteed base.

An alternative scheme would be to designate a primary local tax source, a primary regional tax source and a primary State source, but not to determine without further review that the primary local tax source should be the property tax. The frequency with which commentators indicate that the local source should be the property tax still reflects a position which argues that local taxation interferes with the State's ability to collect its own revenues and redistribute them. Adoption of the position on Article XI, Section 5 suggested above implies instead that it is the localities which should determine their own interests, not the State. The prerogative of the localities to tax is and should be greater than the prerogative of the State.

A diametrically opposite option would allow all revenue raising, except by local vote, to occur at the State level and also generate all redistributional programs at the State level. However, the State would then be required to subvene a guaranteed share of state revenues to localities. By whatever means these revenues were then divided (e.g. by population and level of local generation of income to which receipts would be tied), a stable stream of revenue would be guaranteed, perhaps constitutionally, in order to fund local service needs according to local principles. Which services are "local", as noted above, is another issue yet to be addressed.

i. Principle #9 -- The System Adopted Should Be Understandable and Reinforce the Capacity for Public Accountability

(1) Statement of the Problem

Adopting this principal is no longer optional. The recent history of California politics shows that any proposal to tax or to spend is likely to be determined, not by the elected government officials who were once mandated

[43] Assemblyman Philip Isenberg, "Realignment Ideas," April 27, 1995. More detailed versions of this idea have recently been proposed by the California Association of Councils of Government (CALCOG).

to make such decisions, but directly by popular vote itself.[44] So long as citizens do not understand or trust the system, local officials will not pass reforms.

(2) Current Efforts to Resolve It

Many groups and individuals understand that the current debate is at its most basic level about the restoration of accountability to the public. What has happened is probably no one's fault. But it is clear to many that when Proposition 13 restricted local taxing power, yet left localities to bear the burden of Federal and State mandates, no less citizen demands, localities began a creative hunt for revenue which has now reached almost dizzying heights of complexity. And this problem remains to be solved.

(3) Options for the SCAG Region

Expenditure accountability requires adoption of a standard, common local budget format. The California Finance Officers Association has been working on such a structure, which should be considered, amended where appropriate, and then adopted for all the region's localities.

To make the entire budget process more comprehensible, local budgeting cycles should also be more closely synchronized with the State's. Part of the incomprehension is caused by the fact that local governments budget twice: once at the start of their fiscal year and again after the State tells them what they will receive. If changes in timing are not agreed to, returning the property tax to localities would at least help predictability and decrease the need for the dual cycle.

To the extent that a system is adopted where there is a common revenue raising effort, expenditure systems must be comprehensible. Multiple revenue sourcing must not be a shield for lack of accountability.

Finally, the region should take advantage of new technologies for increasing public understanding. Materials on finance must be clear and easily available and the public must be able to ask questions and get answers about what things cost and who pays for what in their own terms and at their own pace.

j. Principle #10 -- Market Pricing Should Be A Preferred Approach to Financing Government Services and Allocating Service Levels.

(1) Statement of the Problem

One specific approach to restoring accountability, which is particularly important for regional services, involves market pricing. The RME "proposes to consider" the long term replacement of traditional transportation funding sources (i.e. the gasoline tax) with user fees, such as fees based on a VMT/emission registration charge. The idea is to make such fees revenue neutral but to shift the base on which they are charged. The goal is to introduce pricing measures based on fair shares of real costs, without the hidden benefits and cross subsidies which exist in the current system. In theory, charging true costs will allow

[44] See, Jack Citrin, "The Public Landscape for Fiscal Reform in California," California Business Higher Education Forum, June 1994. Note that Orange County's recent abortive tax increase proposal was decided not by the Supervisors, but by referendum of the people.

consumers to make more informed decisions, while providing a revenue stream to fund those services that are efficient and maximize regional efforts to meet mobility and air quality goals.

(2) Current Efforts to Resolve It

Many groups have recommended starting to introduce market pricing by implementing tolls on major roadways, revising DMV fees to reflect actual processing costs, increasing user fees for sewage treatment to appropriate levels, adding tipping and collection fees for solid waste services and increasing fines and fees in courts, jails, libraries, and for animal control services. However, other than the Orange County toll roads, there are still no successful efforts to introduce such fees in the region. Ambitious proposals to introduce user charges at actual costs for garbage collection in the City of Los Angeles for example, appear to have been abandoned.

The discussion is, however, complicated by the tendency to also promise to mitigate disproportionate impacts on low income or other user groups or geographic areas through subsidy, and to charge market prices only for services which are determined to be highly efficient performers. Both of these pressures cut across any straightforward market pricing scheme as it might be adopted in the private sector.

(3) Options for the SCAG Region

Market pricing may be difficult to understand for a public used to flat fee service provision. One option is to begin a public education campaign to encourage increased understanding and, it is hoped, receptivity, to the introduction of market incentives. As a second step in this process, it has been suggested that subregions should begin to introduce experimental market pricing in target areas to acquaint the public with such fees. Clearly, more work in this area is needed in the immediate future.

The area of public finance is complex, confusing and off putting for many members of the public. But reforms are urgently required. Without them, we will fail to secure the long term health of local and county governments, to increase the credibility of all levels of government to the citizens of California or to support the future economic health of our region, and the State. The principles outlined above are essential to guide the development of the public financial reform we all envision.

Growth Principles for Sustaining a Livable Region

The fundamental goal of the Growth Visioning effort is to make the SCAG region a better place to live, work and play for all residents regardless of race, ethnicity or income class. Thus, decisions regarding growth, transportation, land use, and economic development should be made to promote and **sustain** for future generations the region's **mobility**, **livability** and **prosperity.** The following "Regional Growth Principles" are proposed to provide a framework for local and regional decision making **that improves the quality of life for all SCAG residents**. Each principle is followed by a specific set of strategies intended to achieve this goal.

Principle 1 - Improve Mobility for All Residents

- Encourage Transportation Investments and Land Use Decisions that Are Mutually Supportive
- Locate New Housing Near Existing Jobs and New Jobs Near Existing Housing
- Encourage Transit-Oriented Development
- Promote a Variety of Travel Choices

Principle 2 - Foster Livability in All Communities

- Promote In-Fill Development and Redevelopment to Revitalize Existing Communities
- Promote Developments which Provide a Mix of Uses
- Promote "People-Scaled," Walkable Communities
- Support the Preservation of Stable, Single-Family Neighborhoods

Principle 3 - Enable Prosperity for All People

- Provide, in Each Community, a Variety of Housing Types to Meet the Housing Needs of All Income Levels
- Support Educational Opportunities that Promote Balanced Growth
- Ensure Environmental Justice Regardless of Race, Ethnicity or Income Class
- Support Local and State Fiscal Policies that Encourage Balanced Growth
- Encourage Civic Engagement

Principle 4 - Promote Sustainability for Future Generations

- Preserve Rural, Agricultural, Recreational and Environmentally Sensitive Areas
- Focus Development in Urban Centers and Existing Cities
- Develop Strategies to Accommodate Growth that Use Resources Efficiently, Eliminate Pollution and Significantly Reduce Waste
- Utilize "Green" Development Techniques

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TO: Dwight Stenbakken, League of California Cities
FROM: Michael Coleman
SUBJECT: AB1221: Fiscal and Policy Implications for Cities
DATE: 3/17/2003 *UPDATED 11 APRIL 2003*[1]
c: Jean Korinke, Frances Medema, Dan Carrigg, Chris McKenzie

In March 2000, the Speaker's Commission of State and Local Governments Finance presented it's final report. The Commission was assembled by then Assembly Speaker Antonio Villaraigosa and included representatives from business, labor, taxpayer groups, and local government including the California State Association of Counties and the League of California Cities. Among its many recommendations was a trade of city and county sales and use tax for greater property tax, property tax return to cities, counties and special districts, and constitutional protection of local revenues. AB1221 (Steinberg) mirrors sales tax for property tax portion of that proposal.

I. How the Sales & Use Tax / Property Tax swap in AB1221 (Steinberg) Would Work.

Under AB1221, each city and each county would swap a portion of the locally levied sales tax for an equal dollar amount of the property tax. The situs-allocated local sales and use tax rate would be reduced by 0.5% from 1% to 0.5%[2]. An equal amount of property tax would be shifted from each county ERAF fund to each city and each county. The state sales and use tax rate would increase by 0.5% from 5.0% to and 5.5%. Essentially, this revenue would be sent to local schools to cover the reduction in ERAF.

The property tax allocation for each city and county would work as follows:

1. The 1% property tax is currently levied countywide and allocated to agencies within the county by statute. Under this proposal the county and each city would be allocated the amount of property tax it received in the prior year, augmented with the amount of the sales tax that it lost. This action would have the effect of increasing each city and county's share of the property tax since the relative shares of the property tax among the jurisdictions receiving the tax would change. The city or county share would go up and the ERAF share would go down.

2. Each year thereafter, the city and the county would receive the amount they received in the prior year (the adjustment for the sales tax swap is now in the base property tax) plus a share of the property tax that is attributable to the growth in assessed value within their jurisdiction. This share would be based on the new, increased base amount of the agency relative to that of other taxing agencies in their jurisdiction. In other words, the swapped amount would grow with the growth in property tax collections.

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[1] This analysis was updated to reflect the current version of the bill.

[2] Some cities have adopted local sales tax rates below 1%, in which the difference remains with the county. For example, cities in San Mateo County get 0.95% on taxable sales within their jurisdiction, with 0.05% going to the county general fund. Under AB1221, the local rate would be reduced by 0.5%, leaving the cities in San Mateo County with a local rate of 0.45%. There would be no effect on the 0.5% county rate or annual revenue from transactions in cities.

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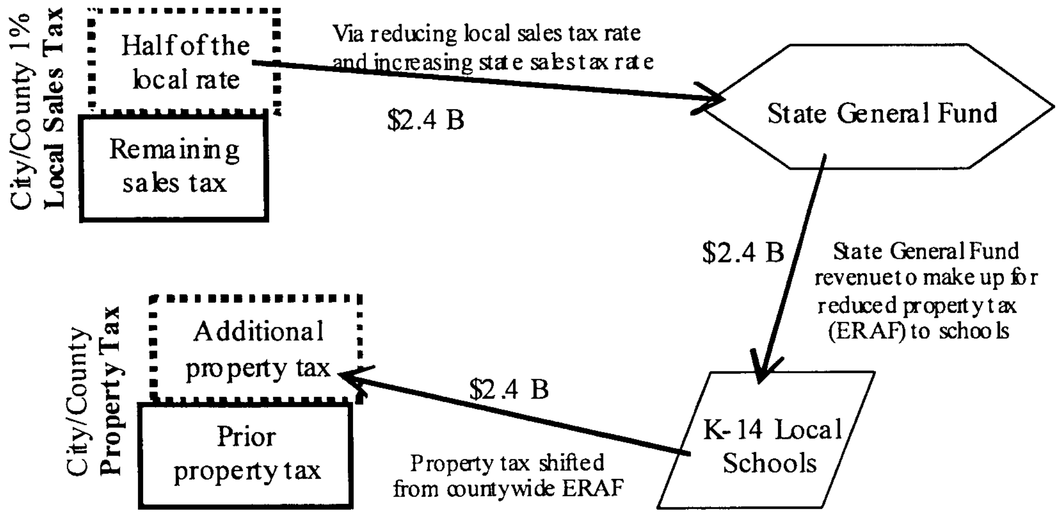
3. The property tax would be shifted from each county ERAF. The reduction in property tax going to school districts (ERAF) would be replaced by state general fund dollars.



Figures 1 and 2 show an example of how sales tax and property tax revenues for a typical city would change.

Figure 1

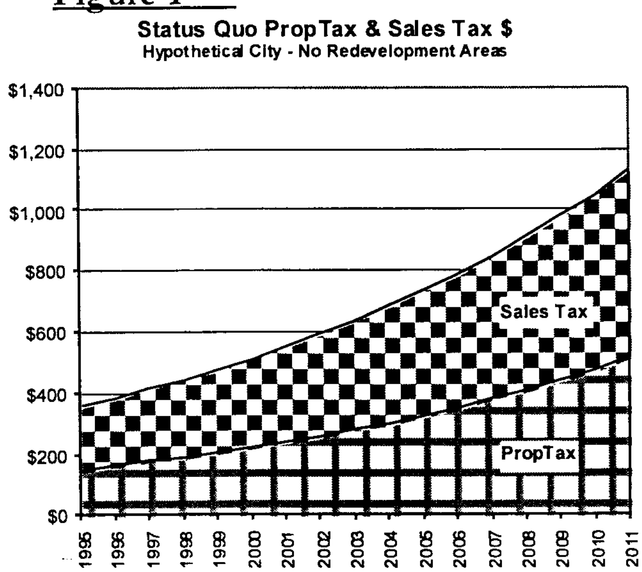
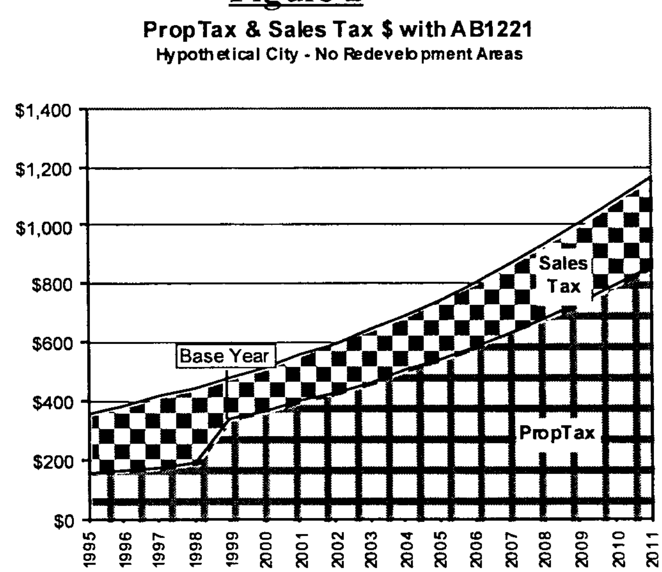


Figure 2



II. Estimated Individual City Impacts. How Would The Proposal Affect The Finances Of Individual Cities?

The fiscal impacts of AB1221 depend entirely on how the California property tax base and sales tax base will grow in the future. More specifically, the impact on an individual city or county depends on the future growth of these revenues within that individual jurisdiction, which depends in turn on the unique character and future direction of the local economy.

Reasonably accurate estimates of a city's future growth in these revenues cannot be determined based on the last five years, the last ten years, the five years before that, etc. What happened in the past is in the past, and we cannot expect any particular previous five or ten year period to match the next.

To reasonably estimate the budgetary impacts of AB1221 on any particular, one must consider:
1) Local long-term economic trends in the context of statewide trends,
2) Future land use and economic plans for the city,
3) The existence and plan for completion of redevelopment project areas, and
4) A range of possibilities.

This analysis provides my broad-based conclusions based on models of the effect of the swap proposal on a variety of cities and an in-depth analysis of the mechanics of the implementation of AB1221. The detailed tables in the attached exhibits provide the specific numeric assumptions and outcomes of the analyses.

The fiscal impact of the swap depends on the city's relative future growth of property tax revenue versus sales tax revenue.

Cities with future property tax revenue growth to surpass future sales tax growth will gain from the swap. For those forecasting stronger growth in city sales tax revenue than in city property tax revenue, the impact of the swap is negative. By "growth" I mean growth rates (%), NOT necessarily dollar amounts. That is a city with low property taxes, but large sales taxes would be better off if the property tax growth <u>rate</u> exceeds the growth rate of sales tax revenues.

The fiscal impact of AB1221 does <u>not</u> depend on the current amount of sales tax or property tax revenue a city receives. It simply effects the amount of funds involved in dollar for dollar base year swap. In this base year, the swap changes the composition of city revenues, but not the total amount. The fiscal impact concerns how this new mix of revenues grows over time versus how it would have grown otherwise.

Historical patterns and economic trends suggest that California local governments on the whole will be better off with more property tax and less sales tax. Figure 3 shows the sales and use tax base compared with the property tax base since 1980, adjusted for inflation. But the critical comparison here is how these tax bases have grown over that time. Figure 4 shows the cumulative growth above/below inflation of taxable sales compared with the cumulative growth in the taxable assessed value of real property. The figure also shows the growth in California population over that time. The figure reveals that 1) the property tax base is less volatile on a year to year basis, and 2) the property tax base has a much stronger growth trend over the last 20 years.

Figure 3

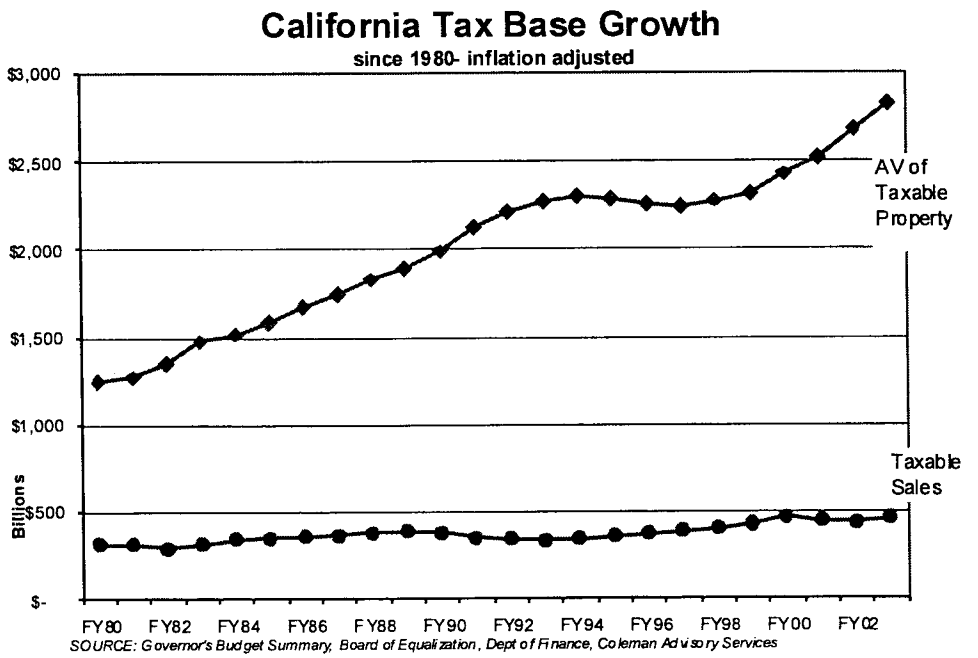
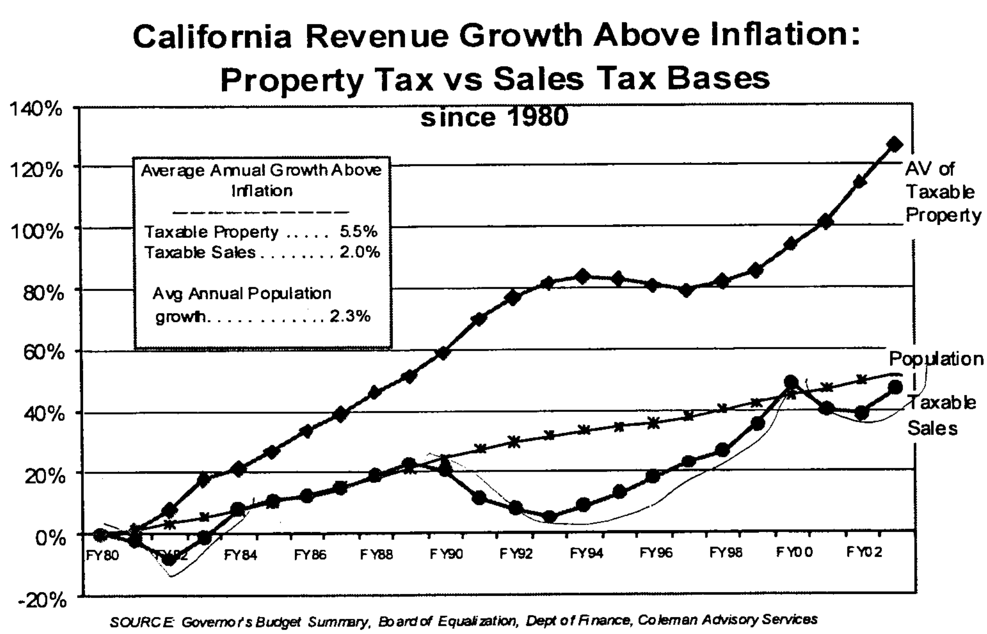


Figure 4



These trends are statewide and local economic conditions vary. However, in a 2000 survey of city revenue growth projections conducted for an analysis of a sales tax for property tax swap proposal from the Speakers Commission on State and Local Finance, four out of five cities estimated their city's future property tax revenue growth to match or surpass future sales tax growth. These cities showed net gain or break even results from the swap.

Exhibit One (attached) shows FY1999-2000 revenues for California cities determines the volume of dollars that would be swapped in each jurisdiction under AB1221 if implemented in FY1999-2000. The exhibit then provides a range of possible future year fiscal impacts for each jurisdiction. The negative impact assumes sales and use tax revenue growth of 5% with a 5% decline in property tax. The positive scenario assumes 5% property tax revenue growth and a 5% sales & use tax decline.

The primary factors that contribute to a city having higher sales tax than property tax revenue growth are 1) a large proportion of the city in redevelopment, and 2) future land use development that is dominated by a high mount of taxable sales generators.

A. Cities with substantial redevelopment programs are less likely to benefit from the swap.

Cities with substantial redevelopment programs are less likely to benefit from the swap while redevelopment project areas are in place because redevelopment dampens city property tax revenue growth.

Redevelopment is largely financed by property tax increment that accrues within a project area. Redevelopment has the effect of limiting the growth of property tax revenues to the taxing agencies that serve the redevelopment area. Thus, the larger a redevelopment project area, the more significant its drag on a local agency's property tax revenue. Figures 5 and 6 show how the presence of a redevelopment project area affects the impact of AB1221. In this extreme example, all property tax growth is going to the redevelopment agency leaving the city with zero property tax growth status quo.

Figure 5

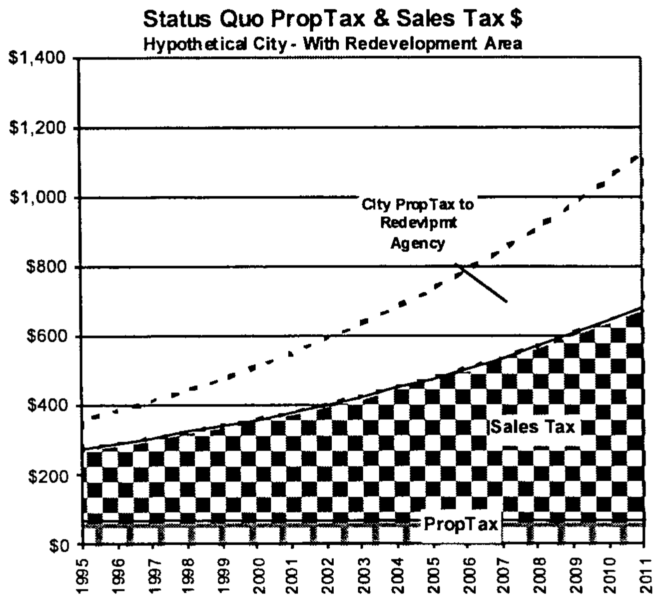
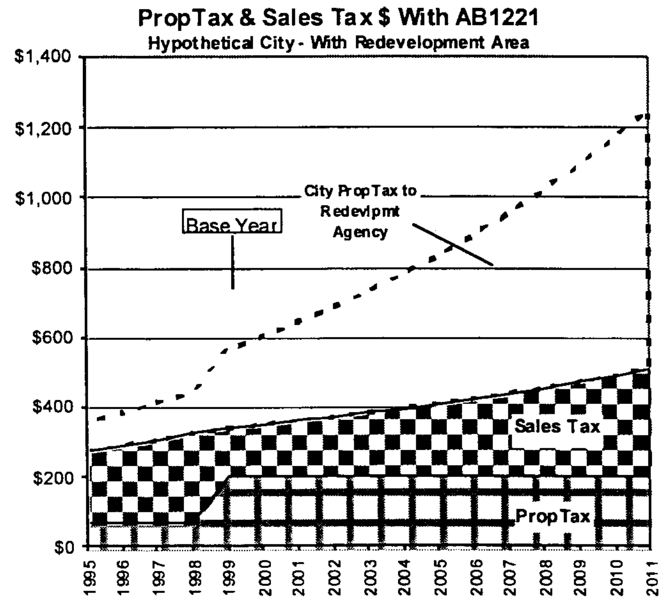


Figure 6



An addendum to this report contains a more thorough discussion of the interactions of AB1221 and redevelopment for city budgets.

C. However, with AB1221, cities with redevelopment areas will be better off financially when project areas area completed and closed.

Once a project area closes, the city would garner more property tax share under AB1221 than without it. That's because AB1221 would have the affect of increasing the city's apportionment of the redevelopment tax increment when the project area closes. Figures 7 and 8 below compare a city closing its redevelopment project under status quo and under the AB1221 swap.

Figure 7

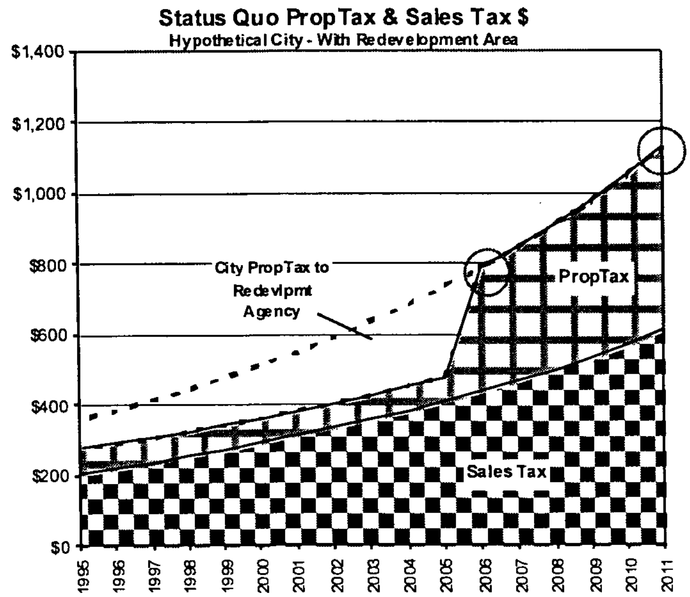
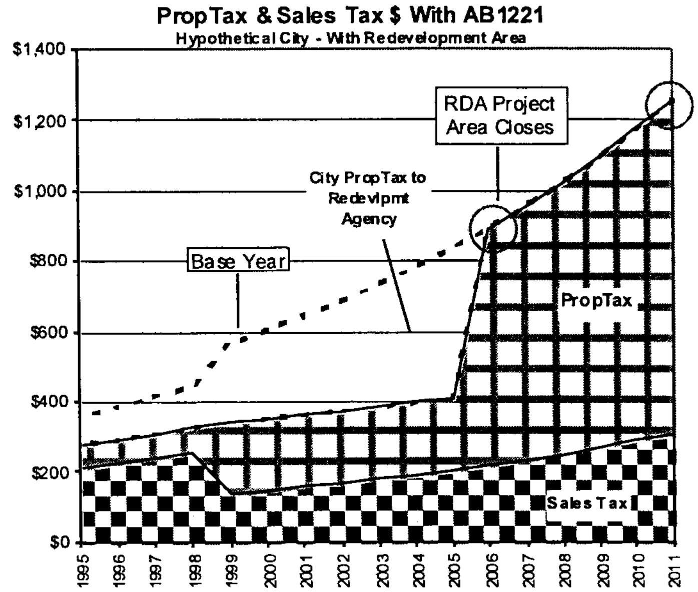


Figure 8



D. Cities whose future land use development is dominated by new sales tax generators are likely to be worse off under the swap proposal.

The Speaker's Commission on State and local finance intended by a similar sales tax for property tax proposal in 1999-2000 to "facilitate balanced, state, regional and local conservation and development policies." A sales tax for property tax swap such as AB1221 will have the accompanying effect of reducing the revenue gain potential to cities with potential and plans for substantial development of their taxable sales base.

a. However, retail land uses would still provide more city tax revenue than the added city service costs they create.

In cities with plans for substantial commercial development (including taxable sales generators such as regional retail), the city would receive less net revenue (new revenue minus new service costs) than under the current system. However, even under AB1221, new city revenues from the land use development would still more than pay for the added city service costs. Fiscal analyses of projects that are dominated by sales tax generators show substantial net revenue to the city. My analysis of these models indicates that under a sales tax for property tax swap (as in AB1221), these projects would still produce substantially more new city revenue than new city costs.

b. In some cities that expect substantial taxable sales growth from new development, the lost sales tax revenue under the swap would be offset by net gains in existing areas of the city.

The negative effects on these cities may be mitigated by net positive revenue effects in existing development. That is, stronger property tax revenue growth versus sales tax growth within exiting development may still exceed net revenue losses due to the swap in new development.

E. For cities that are already especially dependent upon sales tax revenue, AB1221 will improve revenue diversity and economic stability.

These cities are particularly vulnerable to the volatility and economic sluggishness in the brick and mortar retail sector. Moreover, cities with comparatively high sales tax per capita revenues may have less potential for developing new taxable sales generators than other growing communities. For these cities, the future of sales tax growth is much more dubious than their historical experience.

For cities that are highly sales tax dependent, the swap has the additional benefit of providing more diversity to the city's revenue base. With a better balance between property tax and sales tax revenues, the two highest sources of general fund revenue, these communities are less vulnerable to economic fluctuations and the long term economic stability of their overall revenue base is improved.

Regarding political risk, both the property tax and sales tax are equally vulnerable to future intervention by the state.

F. Cities with mixed residential/commercial growth futures will be better off under AB1221 unless they expect to attract new regional-draw sales tax generators.

Many cities are forecasting substantial growth in the coming decade. For most of these communities, a sales tax for property tax swap provides the city with a substantial net gain in revenues over the current system. AB1221 would reduce the net gain from taxable sales generators because the additional property tax share can't make up for the reduced sales tax revenue. But revenues from residential, office and industrial development will improve. Consequently, AB1221 would help cities that are building housing to cover the additional service costs of the development. However, my analyses of the project fiscal evaluations indicates that in many cases, this future residential development still might not provide sufficient local government revenues to cover the additional service demands it creates.

G. In the long run, most built-out cities may be better off under AB1221.

Many cities predict no significant land use development of any kind in the foreseeable future. Surprisingly perhaps, the effect of AB1221 on a "built-out" city may be positive. In most cities, even growing ones, new construction is actually a lesser component of property tax AV/revenue growth than is resale/market increases in existing areas. A city with very little new construction still often sees property tax growth of 5% to 10%. To the extent that the lack of new construction also covers the commercial sector of these cities, sales tax growth may be more adversely impacted by no new construction than property tax growth. In the 2000 fiscal impact analysis of the Speaker's Commission swap proposal, "built-out" cities generally predicted steadier, stronger growth in property tax revenue than sales tax revenue.

E. AB1221 would reduce financial distortions at the root of the "fiscalization of land use" problem . . . somewhat.

AB1221 would improve the balance of service costs and revenues related to land use. Although situs sales tax revenue would be reduced, situs property tax would increase over broader categories of land use activity. In most cases, retail land uses would still provide more city tax revenue than the added city service costs they create.

AB1221 would increase municipal revenues from residential, office and industrial land uses. In many cases these land uses do not generate sufficient city or county revenues to pay for municipal service demands they create. In addition, AB1221 reduces (but would not eliminate) the substantial surplus municipal revenue that taxable sales generating land uses contribute in excess of municipal service costs. However, while the proposals are a step in the "right direction," the basic dynamics of the fiscalization problem will remain: 1) residential and mixed use development still won't pay its way in some areas without additional fees/taxes or municipal service cuts, and 2) sales tax generating land uses will still provide substantially more revenue than costs to cities and counties.

V. POLICY CONSIDERATIONS

A. The Economic Stability of City Finances Would Be Improved By A Sales-Tax-For-Property-Tax-Swap, But The Political Stability Of City Finance Requires <u>Constitutional Protection and Mandate Reform</u>.

Two important factors affect the stability of local government finances: 1) economic vulnerability and 2) political vulnerability from other governmental units and the voters. My analysis of suggests that, AB1221 would improve the economic stability of most cities' finances.

But the most significant factor in the instability of city finance in California is the lack of local control over revenue allocations and rates. A restructuring of city finance will be of little effectiveness to our constituents if the state continues to beset cities with mandates, revenue earmarking, and the taking of local revenues. Current state subventions to local government should have their use restrictions lifted in favor of discretionary revenue for local government. Cities must have constitutional protection and mandate reform.

B. County Property Tax Changes From AB1221 Must Be Localized to Unincorporated Areas.

For counties, the local sales tax is collected from unincorporated areas.[3] Likewise, the change to county property tax shares under AB1221 should be localized to county – not city - tax rate areas. In the case of any future annexation or incorporation, the county and the new or annexing city need the full effect of the swap will be needed for tax sharing to cover the costs of services. If, on the other hand, county property tax shares are increased countywide in swap for a portion of the local sales tax, unincorporated areas will not be sending adequate revenues to cover county and municipal services. Among other adverse policy effects, this will seriously hamper future annexations and incorporations. AB1221 may need to be amended to clarify this aspect.

C. Other Legislative and Judicial Acts May Change the Fiscal Effects of AB1221.

The state and local budget impacts of AB1221 depend upon the growth of sales and use tax revenue relative to the growth of property tax revenue. Future changes in the economy or law that reduce the value and growth of the property tax impair the benefit of a greater share for cities and counties. Changes that improve the value and growth of local property tax revenue would make AB1221 more attractive to individual agencies. If value and growth of the sales and use tax is likely to improve because of legal/structural change, then it is more likely that cities and counties will be better off financially if they do not swap away sales tax.

The local fiscal impact will depend on the net effect of many different possible future changes. The likelihood of each of these is entirely speculative at this point. They include:

1. **The "Pool case" in Orange County (County of Orange v. Orange County Assessment Appeals Board) challenging property tax reassessment procedures.** This case challenges the long-standing and widely used interpretation and practice of property reassessment. Under Proposition 8, which followed Proposition 13, taxpayers may receive reduced assessments if the market value of their properties falls below inflation adjusted acquisition cost. County Assessors throughout the state routinely increase the assessed valuation of properties that benefit from Prop 8 reductions as much as necessary until the assessed valuation reaches the lesser of the current market value or the owner's purchase price, adjusted for inflation by 2%-per-year from purchase. Mr. Pool, an Orange County attorney, alleges that his Prop 8 appealed reduction was essentially permanent and that no assessed valuation could increase more than 2% per year.

   If the ruling is affirmed on appeal, hundreds of millions of dollars of property tax might be lost to California's cities, counties, special districts and schools. Moreover, stripped of the ability to "recapture" from Prop 8 reductions, the property tax will not grow as strongly as it has over the last twenty years.

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[3] With the exception of some cities that have adopted sales tax rates less than 1%

2. **Changes in the property tax reassessment procedures for commercial properties.** The assessed value for taxation of commercial property tends to lag behind market value substantially more than residential property, and this gap is growing. As a result, residential property is shouldering a larger and larger share of the property tax paid. There have been a number of proposals to close loopholes in the state's tax system which allow this. These proposals are gaining more serious attention currently than in many years. A requirement that commercial property be reassessed at least every five years would increase property tax revenues by hundreds of millions of dollars and would improve local property tax revenue growth, depending on the amount of commercial property affected in a jurisdiction.

3. **Changes related to the collection of sales and use taxes on remote sales** (catalog, internet, etc.) would improve sales tax collections by tens to hundreds of millions of dollars. If these reforms succeed, the lag effect on sales and use tax revenue collections of increasing remote sales activity would be mitigated.

4. **Extension of the sales tax to certain services.** In the context of the current state budget problem, legislators are considering more seriously the broadening of the sales and use tax base to some categories of services that are currently not taxed. Over the last several decades, the socio-economic shift toward a more service-based economy has been a major cause of statewide sales and use tax collections lagging behind combined inflation and population growth. Reforms to broaden the sales and use tax to services would improve the long term health and growth potential of the sales and use tax, although local jurisdiction effects would vary.

5. **Increase of the state sales and use tax rate.** The Governor has proposed increasing the state sales and use tax rate by 1 cent as a budget remedy. Whether temporary or permanent, an increase in the total sales tax will have some (probably very minor) negative effect on taxable sales. This will in turn negatively effect local sales and use tax revenue receipts.

D. How Does AB1221 Meet the Goals of Reform?

AB1221 is an attempt to reform one aspect of the local finance system. Policy makers may wish to consider how well the proposal meets the overall needs and goals of reform.

1. Fiscal Reform Task Force of the League of California Cities. In 1999-2000, the League's Fiscal Reform Task Force identified the following goals of state & local finance reform.

- Promote local discretion over revenues.
- Match local government revenue with responsibility and accountability to the local electorate.
- Provide constitutional protection and stability for revenues of all cities and promote California's long-term economic growth.
- Avoid harmful effects on individual local governmental units and state government service delivery obligations and programs.

- Enforce the prohibition against unfunded mandates.

2. **Others**

a. Speaker's Commission on State and Local Finance (2000). The Speaker's Commission begins its recommendations with the following "guiding concepts:"

1) The local finance system should facilitate balanced, state, regional and local conservation and development policies as well as finance local and regional services.
2) In order to avoid dependence on one revenue source, local governments should derive their revenues form a diversity of sources, including property tax, sales tax and general purpose state subventions.
3) The finance base for local and regional services should be a constitutionally protected, stable and reliable and be sufficient to assure basic services.
4) Increase the transparency of state and local government.

b. Legislative Analyst's Office. On February 3, the Legislative Analyst's Office (LAO) released a report "*Reconsidering AB8: Exploring Alternative Ways to Allocate Property Taxes.*" The report offers five alternatives to improve local finance. While property tax reform is at the heart of these alternatives, they suggest much broader changes to local government finance. The LAO identify the following existing problems related to local finance and the property tax allocation in particular:

- ✓ Lack of information impedes government accountability to taxpayers
- ✓ Lack of local control
  - o No (local) ability to raise or lower property tax shares.
  - o System susceptible to state-controlled revenue shifts.
  - o Inability to shift revenues among priorities.
- ✓ Skewed development incentives
  - o Fiscal incentives encourage retail over other uses.
  - o Fiscal incentives encourage the proliferation and misuse of redevelopment.
- ✓ Assessment practices act as a barrier to new businesses
- ✓ Reliance upon non-deductible taxes to finance government services.
- ✓ Competition for resources results in inefficient intergovernmental program coordination.

Attachments:
ADDENDUM: How The Swap Affects Redevelopment Agencies and Cities With Redevelopment
EXHIBIT One: Range of Fiscal Impacts of AB1221 by City

ADDENDUM:

How The Swap Affects Redevelopment Agencies and Cities With Redevelopment

Redevelopment agencies collect 8% of property tax revenues in California. But unlike other local governments, redevelopment agencies gather their property tax revenues from the "tax increment" or growth in property tax revenue that occurs within their jurisdiction. Absent the redevelopment agency, this tax increment would be apportioned among the taxing agencies serving the area.

This public financing mechanism is unique to redevelopment and it creates some special considerations when we consider changes to the property tax system, such as the sales tax for property tax swap proposal of AB1221.

The Effect Of The AB1221 Swap On Redevelopment Agency Revenues

AB1221 would swap the allocation of sales tax and property tax revenues among governments, but it would not alter the tax rate. Redevelopment revenues come from the tax increment or growth in tax revenue that occurs within an area. Absent the redevelopment area, the revenues would be allocated according to apportionment shares. Generally, shifting these shares (i.e., reducing the school/state share with an equivalent increase in the city share) will not affect the amount of tax increment going to the redevelopment agency.

A few redevelopment agencies receive sales tax revenue under sales & use tax sharing agreements. In 1996-97, redevelopment agencies received $24 million in sales & use tax revenue. Depending on the terms of each agreement, the reduction in Bradley Burns sales & use tax from the swap may affect these revenues. These agencies would need to examine the agreements and the financial implications and consider amendments.

The Effect Of The Swap Proposal On Other Taxing Entities

The presence of a redevelopment area alters the effect of AB1221 on city and school/state finances. Where a redevelopment agency exists, property tax revenue growth is diverted, but not (generally) sales & use tax revenues. These cities will pick up greater burdens (pay more of the tax increment) for their redevelopment agencies and the schools serving the area will pay that much less. The total amount of increment going to the redevelopment agency will not change.

More Property Tax to Cities Means More Redevelopment Tax Increment Comes From Cities

With a greater share of property tax revenue comes a greater share of tax increment going to redevelopment areas. In the short-run, some cities with substantial redevelopment project areas and substantial sales tax bases may see lower general fund revenue growth as a result. This is primarily because they will contribute additional property tax increment to their redevelopment agencies. However, when these agencies close, these cities will be better off than under the status quo.

An Example.

The City of Durham received $2000 in sales & use tax last year. Next year that revenue source is projected to grow 4% and so it would receive $80 in growth. But the AB1221 would shift half this tax base ($1000 dollar for dollar) for property tax share. So the city would get just $40 in sales & use tax growth (4% on the remaining $1000).

On the property tax side, the City of Durham received $400 last year. Assessed property values are projected to grow by 6% - but in 50% of the city this growth (tax increment) will go to the redevelopment agency, so the city projects a growth in property tax revenue of 3% or $12. AB1221 would boost the property tax base for Durham by $1000 to $1400. At 6%, property tax revenues for the City would grow $84 but because half this goes to the redevelopment agency, it will get just $42.

The net result is that the City will see $10 less revenue under AB1221. But in the absence of the redevelopment agency it would have received $20 more and when the RDA completes its work and closes, the city's larger share will have it financially better off than under the current arrangement. This assumes that, in the future, property values in the city will grow faster than taxable sales.

City of Durham - Year 2 Impact of 50% ST > PT Swap

	Status Quo	AB1221	diff +/-
Sales Tax Base	$ 2,000	1,000	
Sales Tax Growth @ 4%	80	40	(40)
Property Tax Base	400	1,400	
Property Tax Growth @ 6%	24	84	60
less TI to redevelopment	(12)	(42)	(30)
TOTAL	2,492	2,482	(10)

Less Property Tax to Schools Means Less Tax Increment Comes From Schools

Redevelopment has had the effect of depressing the growth in property tax revenue for schools (as well as cities, counties and special districts) by capturing this revenue growth. Just as the swap of sales tax for property tax will mean a slower growing revenue base for some cities, it may mean a faster growing revenue base for some schools (state sales tax/ general fund versus local property tax). California's taxable real property is a more robust and steady revenue base than taxable sales, historically and in the future. But the growth of property tax revenue to some local governments (including cities, counties, special districts and school districts) has been slowed by the presence of redevelopment. The swap relieves schools of the some of the revenue dampening effects of redevelopment.

An Incentive To Complete Redevelopment ?

One of the negative effects of the property tax shifts of the 1990s has been to reduce the incentive for cities to close out their redevelopment agencies - by reducing their property tax shares and thereby the revenue boosts they will receive after the closure. Increasing city shares of the property tax gives cities a greater incentive to succeed with their redevelopment efforts, boosting property values in the process and then complete and close their agencies, reaping the benefits in healthier tax revenues.

Exhibit One: Range of Fiscal Impacts of AB1221 by City

actual impact depends on each city's future % growth of property tax vs sales tax $

		Base Year	2000				Year 1 Net Impact		% of
City	County	SalesTax (SUT) StatusQuo	PropTax (PT) StatusQuo	SUT after 50% Swap	PT after 50% Swap	Difference StatusQuo	SUT growth 10% better than PT	PT growth 10% better than SUT	General Revenues
Alameda	Alameda	8,738,393	12,836,568	4,369,197	17,205,765	0	(437,000)	437,000	1%
Albany	Alameda	1,292,617	2,067,731	646,309	2,714,040	0	(65,000)	65,000	1%
Berkeley	Alameda	16,679,527	23,291,818	8,339,764	31,631,582	0	(834,000)	834,000	1%
Dublin	Alameda	11,741,563	6,041,760	5,870,782	11,912,542	0	(587,000)	587,000	2%
Emeryville	Alameda	5,244,687	983,134	2,622,344	3,605,478	0	(262,000)	262,000	2%
Fremont	Alameda	29,683,047	27,735,208	14,841,524	42,576,732	0	(1,484,000)	1,484,000	2%
Hayward	Alameda	29,484,140	16,322,995	14,742,070	31,065,065	0	(1,474,000)	1,474,000	2%
Livermore	Alameda	13,266,612	10,864,001	6,633,306	17,497,307	0	(663,000)	663,000	2%
Newark	Alameda	9,184,923	5,772,656	4,592,462	10,365,118	0	(459,000)	459,000	2%
Oakland	Alameda	32,442,909	56,110,406	16,221,455	72,331,861	0	(1,622,000)	1,622,000	1%
Piedmont	Alameda	169,575	4,814,590	84,788	4,899,378	0	(8,000)	8,000	0%
Pleasanton	Alameda	17,470,801	23,534,631	8,735,401	32,270,032	0	(874,000)	874,000	2%
San Leandro	Alameda	21,531,430	6,237,297	10,765,715	17,003,012	0	(1,077,000)	1,077,000	2%
Union City	Alameda	6,679,831	6,097,861	3,339,916	9,437,777	0	(334,000)	334,000	2%
Amador	Amador	10,808	17,273	5,404	22,677	0	(500)	500	1%
Ione	Amador	126,483	215,131	63,242	278,373	0	(6,000)	6,000	1%
Jackson	Amador	1,040,370	437,328	520,185	957,513	0	(52,000)	52,000	2%
Plymouth	Amador	96,506	105,521	48,253	153,774	0	(4,800)	4,800	2%
Sutter Creek	Amador	370,160	244,841	185,080	429,921	0	(19,000)	19,000	2%
Biggs	Butte	22,224	65,991	11,112	77,103	0	(1,100)	1,100	0%
Chico	Butte	11,069,754	2,281,110	5,534,877	7,815,987	0	(553,000)	553,000	2%
Gridley	Butte	726,015	228,546	363,008	591,554	0	(36,000)	36,000	2%
Oroville	Butte	2,489,634	411,041	1,244,817	1,655,858	0	(124,000)	124,000	2%
Paradise	Butte	1,432,631	2,947,048	716,316	3,663,364	0	(72,000)	72,000	1%
Angels	Calaveras	521,665	166,089	260,833	426,922	0	(26,000)	26,000	2%
Colusa	Colusa	853,788	545,485	426,894	972,379	0	(43,000)	43,000	2%
Williams	Colusa	524,678	318,813	262,339	581,152	0	(26,000)	26,000	2%
Antioch	Contra Costa	6,902,063	4,175,054	3,451,032	7,626,086	0	(345,000)	345,000	2%
Brentwood	Contra Costa	1,856,635	1,548,655	928,318	2,476,973	0	(93,000)	93,000	1%
Clayton	Contra Costa	419,716	463,880	209,858	673,738	0	(21,000)	21,000	1%
Concord	Contra Costa	22,959,329	7,383,816	11,479,665	18,863,481	0	(1,148,000)	1,148,000	2%
Danville	Contra Costa	3,930,953	3,203,733	1,965,477	5,169,210	0	(197,000)	197,000	2%
El Cerrito	Contra Costa	2,484,590	2,964,061	1,242,295	4,206,356	0	(124,000)	124,000	1%
Hercules	Contra Costa	724,409	674,306	362,205	1,036,511	0	(36,000)	36,000	1%
Lafayette	Contra Costa	2,245,836	1,752,997	1,122,918	2,875,915	0	(112,000)	112,000	2%
Martinez	Contra Costa	3,106,403	3,876,427	1,553,202	5,429,629	0	(155,000)	155,000	1%
Moraga	Contra Costa	739,594	878,804	369,797	1,248,601	0	(37,000)	37,000	1%

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actual impact depends on each city's future % growth of property tax vs sales tax $

		Base Year	2000				Year 1 Net Impact		% of
City	County	SalesTax (SUT) StatusQuo	PropTax (PT) StatusQuo	SUT after 50% Swap	PT after 50% Swap	Difference StatusQuo	SUT growth 10% better than PT	PT growth 10% better than SUT	General Revenues
Oakley	Contra Costa		data not available						0%
Orinda	Contra Costa	753,202	1,761,412	376,601	2,138,013	0	(38,000)	38,000	1%
Pinole	Contra Costa	2,762,953	1,012,365	1,381,477	2,393,842	0	(138,000)	138,000	2%
Pittsburg	Contra Costa	5,642,503	1,642,974	2,821,252	4,464,226	0	(282,000)	282,000	2%
Pleasant Hill	Contra Costa	6,227,757	1,637,181	3,113,879	4,751,060	0	(311,000)	311,000	2%
Richmond	Contra Costa	11,658,651	19,144,586	5,829,326	24,973,912	0	(583,000)	583,000	1%
San Pablo	Contra Costa	1,475,275	349,432	737,638	1,087,070	0	(74,000)	74,000	1%
San Ramon	Contra Costa	13,315,067	5,789,306	6,657,534	12,446,840	0	(666,000)	666,000	2%
Walnut Creek	Contra Costa	16,033,026	6,462,053	8,016,513	14,478,566	0	(802,000)	802,000	2%
Crescent City	Del Norte	897,761	103,627	448,881	552,508	0	(45,000)	45,000	2%
Placerville	El Dorado	2,359,325	53,441	1,179,663	1,233,104	0	(118,000)	118,000	3%
South Lake Tа	El Dorado	3,517,579	3,621,324	1,758,790	5,380,114	0	(176,000)	176,000	1%
Clovis	Fresno	9,583,293	3,765,323	4,791,647	8,556,970	0	(479,000)	479,000	2%
Coalinga	Fresno	629,390	191,933	314,695	506,628	0	(31,000)	31,000	1%
Firebaugh	Fresno	398,710	93,305	199,355	292,660	0	(20,000)	20,000	2%
Fowler	Fresno	492,222	165,869	246,111	411,980	0	(25,000)	25,000	2%
Fresno	Fresno	48,961,418	35,255,826	24,480,709	59,736,535	0	(2,448,000)	2,448,000	2%
Huron	Fresno	127,366	37,955	63,683	101,638	0	(6,000)	6,000	1%
Kerman	Fresno	853,147	250,372	426,574	676,946	0	(43,000)	43,000	2%
Kingsburg	Fresno	576,697	407,245	288,349	695,594	0	(29,000)	29,000	1%
Mendota	Fresno	300,569	33,817	150,285	184,102	0	(15,000)	15,000	2%
Orange Cove	Fresno	127,596	30,902	63,798	94,700	0	(6,000)	6,000	1%
Parlier	Fresno	188,062	115,436	94,031	209,467	0	(9,000)	9,000	1%
Reedley	Fresno	1,220,043	697,416	610,022	1,307,438	0	(61,000)	61,000	2%
San Joaquin	Fresno	162,649	30,437	81,325	111,762	0	(8,000)	8,000	2%
Sanger	Fresno	1,498,150	714,135	749,075	1,463,210	0	(75,000)	75,000	2%
Selma	Fresno	3,049,728	671,268	1,524,864	2,196,132	0	(152,000)	152,000	2%
Orland	Glenn	604,938	476,460	302,469	778,929	0	(30,000)	30,000	2%
Willows	Glenn	708,456	471,271	354,228	825,499	0	(35,000)	35,000	2%
Arcata	Humboldt	1,548,626	500,371	774,313	1,274,684	0	(77,000)	77,000	2%
Blue Lake	Humboldt	32,921	73,230	16,461	89,691	0	(1,600)	1,600	0%
Eureka	Humboldt	6,989,788	1,029,094	3,494,894	4,523,988	0	(349,000)	349,000	3%
Ferndale	Humboldt	118,217	61,841	59,109	120,950	0	(6,000)	6,000	2%
Fortuna	Humboldt	1,114,556	197,426	557,278	754,704	0	(56,000)	56,000	2%
Rio Dell	Humboldt		data not available						
Trinidad	Humboldt	65,083	34,513	32,542	67,055	0	(3,300)	3,300	2%
Brawley	Imperial	1,331,637	961,318	665,819	1,627,137	0	(67,000)	67,000	1%

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Calexico	Imperial	3,670,556	748,020	1,835,278	2,583,298	0	(184,000)	184,000	3%
Calipatria	Imperial	120,485	89,811	60,243	150,054	0	(6,000)	6,000	1%
El Centro	Imperial	5,791,935	1,974,279	2,895,968	4,870,247	0	(290,000)	290,000	3%
Holtville	Imperial	159,314	217,226	79,657	296,883	0	(8,000)	8,000	1%
Imperial	Imperial	841,071	606,801	420,536	1,027,337	0	(42,000)	42,000	2%
Westmorland	Imperial	118,663	75,166	59,332	134,498	0	(6,000)	6,000	2%
Bishop	Inyo	1,618,018	256,472	809,009	1,065,481	0	(81,000)	81,000	2%
Arvin	Kern	373,352	97,524	186,676	284,200	0	(19,000)	19,000	1%
Bakersfield	Kern	37,582,002	19,437,525	18,791,001	38,228,526	0	(1,879,000)	1,879,000	2%
California City	Kern	160,505	1,246,323	80,253	1,326,576	0	(8,000)	8,000	0%
Delano	Kern	1,784,388	1,145,579	892,194	2,037,773	0	(89,000)	89,000	1%
Maricopa	Kern	26,287	41,454	13,144	54,598	0	(1,300)	1,300	1%
Mcfarland	Kern	140,121	176,926	70,061	246,987	0	(7,000)	7,000	1%
Ridgecrest	Kern	2,102,028	393,399	1,051,014	1,444,413	0	(105,000)	105,000	2%
Shafter	Kern	1,228,149	356,347	614,075	970,422	0	(61,000)	61,000	2%
Taft	Kern	1,051,953	466,037	525,977	992,014	0	(53,000)	53,000	2%
Tehachapi	Kern	769,479	484,286	384,740	869,026	0	(38,000)	38,000	2%
Wasco	Kern	617,689	309,413	308,845	618,258	0	(31,000)	31,000	1%
Avenal	Kings	135,997	154,552	67,999	222,551	0	(7,000)	7,000	1%
Corcoran	Kings	925,692	152,542	462,846	615,388	0	(46,000)	46,000	2%
Hanford	Kings	4,831,956	2,037,372	2,415,978	4,453,350	0	(242,000)	242,000	2%
Lemoore	Kings	1,069,163	521,096	534,582	1,055,678	0	(53,000)	53,000	2%
Clearlake	Lake	954,018	543,955	477,009	1,020,964	0	(48,000)	48,000	2%
Lakeport	Lake	1,213,220	482,077	606,610	1,088,687	0	(61,000)	61,000	2%
Susanville	Lassen	1,410,857	535,664	705,429	1,241,093	0	(71,000)	71,000	2%
Agoura Hills	Los Angeles	2,483,322	1,481,288	1,241,661	2,722,949	0	(124,000)	124,000	2%
Alhambra	Los Angeles	11,257,780	4,460,578	5,628,890	10,089,468	0	(563,000)	563,000	2%
Arcadia	Los Angeles	6,686,064	3,997,820	3,343,032	7,340,852	0	(334,000)	334,000	1%
Artesia	Los Angeles	2,158,097	499,376	1,079,049	1,578,425	0	(108,000)	108,000	2%
Avalon	Los Angeles	635,086	228,157	317,543	545,700	0	(32,000)	32,000	1%
Azusa	Los Angeles	2,759,124	1,829,371	1,379,562	3,208,933	0	(138,000)	138,000	1%
Baldwin Park	Los Angeles	3,442,155	1,743,704	1,721,078	3,464,782	0	(172,000)	172,000	1%
Bell	Los Angeles	1,803,820	394,494	901,910	1,296,404	0	(90,000)	90,000	1%
Bell Gardens	Los Angeles	1,273,521	513,132	636,761	1,149,893	0	(64,000)	64,000	0%
Bellflower	Los Angeles	5,026,873	1,386,159	2,513,437	3,899,596	0	(251,000)	251,000	2%
Beverly Hills	Los Angeles	17,963,678	16,796,392	8,981,839	25,778,231	0	(898,000)	898,000	1%
Bradbury	Los Angeles	6,521	121,106	3,261	124,367	0	(300)	300	0%

Exhibit One: Range of Fiscal Impacts of AB1221 by City

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City	County	Base Year 2000 SalesTax (SUT) StatusQuo	PropTax (PT) StatusQuo	SUT after 50% Swap	PT after 50% Swap	Difference StatusQuo	Year 1 Net Impact SUT growth 10% better than PT	PT growth 10% better than SUT	% of General Revenues
Burbank	Los Angeles	18,980,383	15,655,515	9,490,192	25,145,707	0	(949,000)	949,000	1%
Calabasas	Los Angeles	3,118,912	1,739,160	1,559,456	3,298,616	0	(156,000)	156,000	2%
Carson	Los Angeles	17,952,711	4,003,942	8,976,356	12,980,298	0	(898,000)	898,000	3%
Cerritos	Los Angeles	24,437,396	1,420,261	12,218,698	13,638,959	0	(1,222,000)	1,222,000	3%
Claremont	Los Angeles	2,993,379	2,060,174	1,496,690	3,556,864	0	(150,000)	150,000	1%
Commerce	Los Angeles	11,609,198	1,327,485	5,804,599	7,132,084	0	(580,000)	580,000	3%
Compton	Los Angeles	5,071,891	2,209,382	2,535,946	4,745,328	0	(254,000)	254,000	1%
Covina	Los Angeles	6,588,760	2,729,835	3,294,380	6,024,215	0	(329,000)	329,000	2%
Cudahy	Los Angeles	960,518	251,811	480,259	732,070	0	(48,000)	48,000	1%
Culver City	Los Angeles	13,476,062	2,000,232	6,738,031	8,738,263	0	(674,000)	674,000	1%
Diamond Bar	Los Angeles	2,814,441	2,078,770	1,407,221	3,485,991	0	(141,000)	141,000	1%
Downey	Los Angeles	12,294,086	6,038,703	6,147,043	12,185,746	0	(615,000)	615,000	2%
Duarte	Los Angeles	3,273,666	510,565	1,636,833	2,147,398	0	(164,000)	164,000	3%
El Monte	Los Angeles	13,292,863	3,070,350	6,646,432	9,716,782	0	(665,000)	665,000	2%
El Segundo	Los Angeles	7,456,631	3,755,448	3,728,316	7,483,764	0	(373,000)	373,000	1%
Gardena	Los Angeles	7,159,453	3,371,789	3,579,727	6,951,516	0	(358,000)	358,000	1%
Glendale	Los Angeles	27,374,163	13,276,934	13,687,082	26,964,016	0	(1,369,000)	1,369,000	2%
Glendora	Los Angeles	4,879,820	2,507,568	2,439,910	4,947,478	0	(244,000)	244,000	2%
Hawaiian Gar	Los Angeles	656,572	119,927	328,286	448,213	0	(33,000)	33,000	1%
Hawthorne	Los Angeles	5,990,866	2,434,451	2,995,433	5,429,884	0	(300,000)	300,000	1%
Hermosa Bea	Los Angeles	2,412,163	4,473,293	1,206,082	5,679,375	0	(121,000)	121,000	1%
Hidden Hills	Los Angeles	25,465	337,655	12,733	350,388	0	(1,300)	1,300	0%
Huntington Pa	Los Angeles	4,116,900	659,500	2,058,450	2,717,950	0	(206,000)	206,000	1%
Industry	Los Angeles	25,186,939	944,962	12,593,470	13,538,432	0	(1,259,000)	1,259,000	3%
Inglewood	Los Angeles	6,818,991	4,070,222	3,409,496	7,479,718	0	(341,000)	341,000	1%
Irwindale	Los Angeles	3,024,065	377,932	1,512,033	1,889,965	0	(151,000)	151,000	1%
La Canada Fli	Los Angeles	1,737,718	1,930,075	868,859	2,798,934	0	(87,000)	87,000	1%
La Habra Heig	Los Angeles	55,540	614,406	27,770	642,176	0	(2,800)	2,800	0%
La Mirada	Los Angeles	7,625,652	2,766,349	3,812,826	6,579,175	0	(381,000)	381,000	2%
La Puente	Los Angeles	2,343,649	594,738	1,171,825	1,766,563	0	(117,000)	117,000	2%
La Verne	Los Angeles	2,500,752	2,574,755	1,250,376	3,825,131	0	(125,000)	125,000	1%
Lakewood	Los Angeles	8,364,022	2,172,582	4,182,011	6,354,593	0	(418,000)	418,000	2%
Lancaster	Los Angeles	12,557,173	2,354,859	6,278,587	8,633,446	0	(628,000)	628,000	2%
Lawndale	Los Angeles	2,088,922	580,310	1,044,461	1,624,771	0	(104,000)	104,000	1%
Lomita	Los Angeles	1,141,498	978,238	570,749	1,548,987	0	(57,000)	57,000	1%
Long Beach	Los Angeles	37,362,153	44,849,581	18,681,077	63,530,658	0	(1,868,000)	1,868,000	1%
Los Angeles	Los Angeles	331,709,668	528,525,231	165,854,834	694,380,065	0	(16,585,000)	16,585,000	1%

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Lynwood	Los Angeles	2,336,656	1,606,719	1,168,328	2,775,047	0	(117,000)	117,000	1%
Malibu	Los Angeles	1,787,128	2,516,069	893,564	3,409,633	0	(89,000)	89,000	1%
Manhattan Be	Los Angeles	7,016,421	7,520,616	3,508,211	11,028,827	0	(351,000)	351,000	1%
Maywood	Los Angeles	668,246	269,565	334,123	603,688	0	(33,000)	33,000	1%
Monrovia	Los Angeles	6,966,998	3,276,573	3,483,499	6,760,072	0	(348,000)	348,000	2%
Montebello	Los Angeles	10,120,055	1,908,213	5,060,028	6,968,241	0	(506,000)	506,000	3%
Monterey Park	Los Angeles	3,551,417	4,145,078	1,775,709	5,920,787	0	(178,000)	178,000	1%
Norwalk	Los Angeles	7,012,595	3,400,059	3,506,298	6,906,357	0	(351,000)	351,000	1%
Palmdale	Los Angeles	5,076,858	2,570,987	2,538,429	5,109,416	0	(254,000)	254,000	1%
Palos Verdes	Los Angeles	241,712	2,982,544	120,856	3,103,400	0	(12,000)	12,000	0%
Paramount	Los Angeles	5,133,687	747,724	2,566,844	3,314,568	0	(257,000)	257,000	2%
Pasadena	Los Angeles	26,797,952	18,468,677	13,398,976	31,867,653	0	(1,340,000)	1,340,000	1%
Pico Rivera	Los Angeles	3,209,414	1,769,566	1,604,707	3,374,273	0	(160,000)	160,000	1%
Pomona	Los Angeles	11,177,400	9,233,457	5,588,700	14,822,157	0	(559,000)	559,000	1%
Rancho Palos	Los Angeles	880,761	3,242,964	440,381	3,683,345	0	(44,000)	44,000	0%
Redondo Bea	Los Angeles	8,275,839	9,320,431	4,137,920	13,458,351	0	(414,000)	414,000	1%
Rolling Hills	Los Angeles	5,876	441,634	2,938	444,572	0	(300)	300	0%
Rolling Hills E	Los Angeles	1,144,678	859,005	572,339	1,431,344	0	(57,000)	57,000	1%
Rosemead	Los Angeles	2,717,017	1,106,595	1,358,509	2,465,104	0	(136,000)	136,000	1%
San Dimas	Los Angeles	3,842,596	1,974,350	1,921,298	3,895,648	0	(192,000)	192,000	2%
San Fernando	Los Angeles	4,316,419	844,406	2,158,210	3,002,616	0	(216,000)	216,000	3%
San Gabriel	Los Angeles	3,025,668	1,976,267	1,512,834	3,489,101	0	(151,000)	151,000	1%
San Marino	Los Angeles	448,767	5,148,664	224,384	5,373,048	0	(22,000)	22,000	0%
Santa Clarita	Los Angeles	19,026,387	5,252,434	9,513,194	14,765,628	0	(951,000)	951,000	2%
Santa Fe Sprii	Los Angeles	20,845,329	1,152,508	10,422,665	11,575,173	0	(1,042,000)	1,042,000	4%
Santa Monica	Los Angeles	24,439,893	13,961,669	12,219,947	26,181,616	0	(1,222,000)	1,222,000	1%
Sierra Madre	Los Angeles	230,000	1,598,042	115,000	1,713,042	0	(12,000)	12,000	0%
Signal Hill	Los Angeles	8,080,866	244,569	4,040,433	4,285,002	0	(404,000)	404,000	4%
South El Mont	Los Angeles	3,239,175	702,859	1,619,588	2,322,447	0	(162,000)	162,000	3%
South Gate	Los Angeles	5,318,022	1,327,325	2,659,011	3,986,336	0	(266,000)	266,000	2%
South Pasade	Los Angeles	1,450,993	4,008,560	725,497	4,734,057	0	(73,000)	73,000	1%
Temple City	Los Angeles	1,512,910	1,044,892	756,455	1,801,347	0	(76,000)	76,000	1%
Torrance	Los Angeles	34,665,944	15,740,925	17,332,972	33,073,897	0	(1,733,000)	1,733,000	2%
Vernon	Los Angeles	4,748,205	2,067,964	2,374,103	4,442,067	0	(237,000)	237,000	2%
Walnut	Los Angeles	1,262,772	915,153	631,386	1,546,539	0	(63,000)	63,000	1%
West Covina	Los Angeles	10,963,971	5,202,639	5,481,986	10,684,625	0	(548,000)	548,000	2%
West Hollywoo	Los Angeles	8,139,029	5,461,568	4,069,515	9,531,083	0	(407,000)	407,000	1%

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Westlake Villa	Los Angeles	2,700,149	947,207	1,350,075	2,297,282	0	(135,000)	135,000	2%
Whittier	Los Angeles	7,694,241	2,891,316	3,847,121	6,738,437	0	(385,000)	385,000	2%
Chowchilla	Madera	637,825	336,104	318,913	655,017	0	(32,000)	32,000	2%
Madera	Madera	3,912,016	1,412,191	1,956,008	3,368,199	0	(196,000)	196,000	2%
Belvedere	Marin	76,473	1,411,717	38,237	1,449,954	0	(3,800)	3,800	0%
Corte Madera	Marin	4,915,830	3,365,818	2,457,915	5,823,733	0	(246,000)	246,000	2%
Fairfax	Marin	330,745	1,124,590	165,373	1,289,963	0	(17,000)	17,000	1%
Larkspur	Marin	1,643,732	3,374,299	821,866	4,196,165	0	(82,000)	82,000	1%
Mill Valley	Marin	2,057,744	5,563,755	1,028,872	6,592,627	0	(103,000)	103,000	1%
Novato	Marin	7,275,358	3,675,591	3,637,679	7,313,270	0	(364,000)	364,000	2%
Ross	Marin	61,793	1,239,311	30,897	1,270,208	0	(3,100)	3,100	0%
San Anselmo	Marin	1,045,848	2,676,871	522,924	3,199,795	0	(52,000)	52,000	1%
San Rafael	Marin	16,073,093	6,035,232	8,036,547	14,071,779	0	(804,000)	804,000	2%
Sausalito	Marin	1,622,954	3,025,658	811,477	3,837,135	0	(81,000)	81,000	1%
Tiburon	Marin	549,238	1,350,895	274,619	1,625,514	0	(27,000)	27,000	1%
Fort Bragg	Mendocino	1,459,860	206,833	729,930	936,763	0	(73,000)	73,000	2%
Point Arena	Mendocino	50,331	28,710	25,166	53,876	0	(2,500)	2,500	1%
Ukiah	Mendocino	3,140,273	505,609	1,570,137	2,075,746	0	(157,000)	157,000	2%
Willits	Mendocino	876,571	271,989	438,286	710,275	0	(44,000)	44,000	2%
Atwater	Merced	1,412,610	847,724	706,305	1,554,029	0	(71,000)	71,000	1%
Dos Palos	Merced	252,406	182,148	126,203	308,351	0	(13,000)	13,000	1%
Gustine City	Merced	189,880	234,803	94,940	329,743	0	(9,000)	9,000	1%
Livingston	Merced	392,474	332,623	196,237	528,860	0	(20,000)	20,000	1%
Los Banos	Merced	2,064,214	1,327,793	1,032,107	2,359,900	0	(103,000)	103,000	2%
Merced	Merced	8,599,921	2,976,156	4,299,961	7,276,117	0	(430,000)	430,000	2%
Alturas	Modoc	403,465	227,680	201,733	429,413	0	(20,000)	20,000	2%
Mammoth Lak	Mono	1,641,799	661,302	820,900	1,482,202	0	(82,000)	82,000	1%
Carmel-By-the	Monterey	1,890,165	1,883,928	945,083	2,829,011	0	(95,000)	95,000	1%
Del Rey Oaks	Monterey	151,772	214,490	75,886	290,376	0	(8,000)	8,000	1%
Gonzales	Monterey	215,455	403,250	107,728	510,978	0	(11,000)	11,000	1%
Greenfield	Monterey	503,280	288,468	251,640	540,108	0	(25,000)	25,000	1%
King City	Monterey	1,007,109	485,154	503,555	988,709	0	(50,000)	50,000	2%
Marina	Monterey	909,381	960,991	454,691	1,415,682	0	(45,000)	45,000	1%
Monterey	Monterey	6,700,256	3,461,309	3,350,128	6,811,437	0	(335,000)	335,000	1%
Pacific Grove	Monterey	1,589,359	2,128,840	794,680	2,923,520	0	(79,000)	79,000	1%
Salinas	Monterey	18,186,701	7,314,632	9,093,351	16,407,983	0	(909,000)	909,000	2%
Sand City	Monterey	2,318,558	90,313	1,159,279	1,249,592	0	(116,000)	116,000	4%

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Seaside	Monterey	4,493,648	762,431	2,246,824	3,009,255	0	(225,000)	225,000	2%
Soledad	Monterey	413,117	132,618	206,559	339,177	0	(21,000)	21,000	1%
American Can	Napa	1,221,247	1,718,807	610,624	2,329,431	0	(61,000)	61,000	1%
Calistoga	Napa	502,620	549,326	251,310	800,636	0	(25,000)	25,000	1%
Napa	Napa	8,975,455	7,226,574	4,487,728	11,714,302	0	(449,000)	449,000	2%
St Helena	Napa	1,799,878	1,230,557	899,939	2,130,496	0	(90,000)	90,000	2%
Yountville	Napa	435,024	238,313	217,512	455,825	0	(22,000)	22,000	1%
Grass Valley	Nevada	3,123,276	1,120,630	1,561,638	2,682,268	0	(156,000)	156,000	3%
Nevada City	Nevada	1,100,256	617,260	550,128	1,167,388	0	(55,000)	55,000	2%
Truckee	Nevada	2,151,414	3,291,076	1,075,707	4,366,783	0	(108,000)	108,000	1%
Anaheim	Orange	44,879,116	19,101,113	22,439,558	41,540,671	0	(2,244,000)	2,244,000	2%
Brea	Orange	14,097,141	2,674,170	7,048,571	9,722,741	0	(705,000)	705,000	3%
Buena Park	Orange	12,110,193	4,101,262	6,055,097	10,156,359	0	(606,000)	606,000	2%
Costa Mesa	Orange	32,650,942	11,629,912	16,325,471	27,955,383	0	(1,633,000)	1,633,000	3%
Cypress	Orange	8,800,113	2,417,841	4,400,057	6,817,898	0	(440,000)	440,000	2%
Dana Point	Orange	3,324,742	3,091,619	1,662,371	4,753,990	0	(166,000)	166,000	1%
Fountain Valle	Orange	8,561,719	4,627,941	4,280,860	8,908,801	0	(428,000)	428,000	2%
Fullerton	Orange	15,418,401	11,284,951	7,709,201	18,994,152	0	(771,000)	771,000	2%
Garden Grove	Orange	15,623,656	6,813,233	7,811,828	14,625,061	0	(781,000)	781,000	2%
Huntington Be	Orange	24,694,173	23,334,267	12,347,087	35,681,354	0	(1,235,000)	1,235,000	1%
Irvine	Orange	45,101,292	12,157,854	22,550,646	34,708,500	0	(2,255,000)	2,255,000	3%
La Habra	Orange	5,894,311	4,526,611	2,947,156	7,473,767	0	(295,000)	295,000	1%
La Palma	Orange	2,606,341	1,100,631	1,303,171	2,403,802	0	(130,000)	130,000	2%
Laguna Beach	Orange	3,325,096	9,836,274	1,662,548	11,498,822	0	(166,000)	166,000	1%
Laguna Hills	Orange	7,321,139	3,466,216	3,660,570	7,126,786	0	(366,000)	366,000	2%
Laguna Niguel	Orange	7,401,437	1,616,630	3,700,719	5,317,349	0	(370,000)	370,000	2%
Laguna Woods	Orange		data not available						
Lake Forest	Orange	8,204,929	4,545,195	4,102,465	8,647,660	0	(410,000)	410,000	2%
Los Alamitos	Orange	2,769,712	974,114	1,384,856	2,358,970	0	(138,000)	138,000	2%
Mission Viejo	Orange	12,294,467	11,568,749	6,147,234	17,715,983	0	(615,000)	615,000	2%
Newport Beac	Orange	19,239,106	25,408,138	9,619,553	35,027,691	0	(962,000)	962,000	1%
Orange	Orange	26,741,672	11,242,052	13,370,836	24,612,888	0	(1,337,000)	1,337,000	2%
Placentia	Orange	4,563,789	3,616,007	2,281,895	5,897,902	0	(228,000)	228,000	1%
San Clemente	Orange	4,257,437	7,395,370	2,128,719	9,524,089	0	(213,000)	213,000	1%
San Juan Cap	Orange	5,600,266	2,923,192	2,800,133	5,723,325	0	(280,000)	280,000	2%
Santa Ana	Orange	40,053,882	17,615,970	20,026,941	37,642,911	0	(2,003,000)	2,003,000	2%
Seal Beach	Orange	1,693,183	2,765,466	846,592	3,612,058	0	(85,000)	85,000	1%

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Stanton	Orange	3,107,477	1,119,750	1,553,739	2,673,489	0	(155,000)	155,000	2%
Tustin	Orange	17,085,524	4,571,059	8,542,762	13,113,821	0	(854,000)	854,000	3%
Villa Park	Orange	176,019	835,528	88,010	923,538	0	(9,000)	9,000	1%
Westminster	Orange	13,597,863	2,581,207	6,798,932	9,380,139	0	(680,000)	680,000	2%
Yorba Linda	Orange	4,383,770	6,208,217	2,191,885	8,400,102	0	(219,000)	219,000	1%
Auburn	Placer	2,428,916	1,320,085	1,214,458	2,534,543	0	(121,000)	121,000	2%
Colfax	Placer	478,169	143,150	239,085	382,235	0	(24,000)	24,000	2%
Lincoln	Placer	736,038	672,902	368,019	1,040,921	0	(37,000)	37,000	1%
Loomis	Placer	917,252	428,852	458,626	887,478	0	(46,000)	46,000	2%
Rocklin	Placer	4,084,339	2,982,627	2,042,170	5,024,797	0	(204,000)	204,000	2%
Roseville	Placer	24,061,160	9,465,670	12,030,580	21,496,250	0	(1,203,000)	1,203,000	2%
Portola	Plumas	174,190	158,014	87,095	245,109	0	(9,000)	9,000	1%
Banning	Riverside	2,067,004	1,223,199	1,033,502	2,256,701	0	(103,000)	103,000	2%
Beaumont	Riverside	911,606	547,167	455,803	1,002,970	0	(46,000)	46,000	2%
Blythe	Riverside	1,358,967	514,129	679,484	1,193,613	0	(68,000)	68,000	1%
Calimesa	Riverside	294,227	865,944	147,114	1,013,058	0	(15,000)	15,000	1%
Canyon Lake	Riverside	92,655	381,302	46,328	427,630	0	(4,600)	4,600	0%
Cathedral City	Riverside	6,818,006	469,164	3,409,003	3,878,167	0	(341,000)	341,000	2%
Coachella	Riverside	1,307,584	116,582	653,792	770,374	0	(65,000)	65,000	2%
Corona	Riverside	18,365,580	10,723,943	9,182,790	19,906,733	0	(918,000)	918,000	2%
Desert Hot Sp	Riverside	592,642	389,966	296,321	686,287	0	(30,000)	30,000	1%
Hemet	Riverside	6,980,491	2,805,444	3,490,246	6,295,690	0	(349,000)	349,000	2%
Indian Wells	Riverside	624,842	930,319	312,421	1,242,740	0	(31,000)	31,000	0%
Indio	Riverside	5,571,150	1,427,647	2,785,575	4,213,222	0	(279,000)	279,000	2%
La Quinta	Riverside	2,717,893	1,034,241	1,358,947	2,393,188	0	(136,000)	136,000	1%
Lake Elsinore	Riverside	3,770,335	966,721	1,885,168	2,851,889	0	(189,000)	189,000	2%
Moreno Valley	Riverside	11,187,789	1,962,981	5,593,895	7,556,876	0	(559,000)	559,000	2%
Murrieta	Riverside	3,771,551	1,750,290	1,885,776	3,636,066	0	(189,000)	189,000	2%
Norco	Riverside	4,190,742	710,307	2,095,371	2,805,678	0	(210,000)	210,000	3%
Palm Desert	Riverside	13,203,564	2,393,366	6,601,782	8,995,148	0	(660,000)	660,000	2%
Palm Springs	Riverside	6,416,983	9,674,138	3,208,492	12,882,630	0	(321,000)	321,000	1%
Perris	Riverside	3,042,806	1,328,738	1,521,403	2,850,141	0	(152,000)	152,000	2%
Rancho Mirag	Riverside	4,274,713	3,206,244	2,137,357	5,343,601	0	(214,000)	214,000	1%
Riverside	Riverside	33,857,945	11,782,830	16,928,973	28,711,803	0	(1,693,000)	1,693,000	2%
San Jacinto	Riverside	653,493	601,138	326,747	927,885	0	(33,000)	33,000	1%
Temecula	Riverside	14,009,321	1,523,262	7,004,661	8,527,923	0	(700,000)	700,000	3%
Citrus Heights	Sacramento	10,700,229	2,681,085	5,350,115	8,031,200	0	(535,000)	535,000	2%

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		Base Year	2000				Year 1 Net Impact		% of
City	County	SalesTax (SUT) StatusQuo	PropTax (PT) StatusQuo	SUT after 50% Swap	PT after 50% Swap	Difference StatusQuo	SUT growth 10% better than PT	PT growth 10% better than SUT	General Revenues
Folsom	Sacramento	9,737,053	5,410,869	4,868,527	10,279,396	0	(487,000)	487,000	1%
Galt	Sacramento	845,310	967,618	422,655	1,390,273	0	(42,000)	42,000	1%
Isleton	Sacramento		data not available						
Sacramento	Sacramento	55,574,000	35,279,000	27,787,000	63,066,000	0	(2,779,000)	2,779,000	1%
Hollister	San Benito	2,993,380	875,762	1,496,690	2,372,452	0	(150,000)	150,000	2%
San Juan Bau	San Benito	165,097	145,530	82,549	228,079	0	(8,000)	8,000	1%
Adelanto	San Bernardin	682,730	46,954	341,365	388,319	0	(34,000)	34,000	1%
Apple Valley	San Bernardin	2,269,376	1,211,084	1,134,688	2,345,772	0	(113,000)	113,000	1%
Barstow	San Bernardin	4,147,505	713,073	2,073,753	2,786,826	0	(207,000)	207,000	2%
Big Bear Lake	San Bernardin	1,548,549	1,257,612	774,275	2,031,887	0	(77,000)	77,000	1%
Chino	San Bernardin	6,849,860	3,183,470	3,424,930	6,608,400	0	(342,000)	342,000	2%
Chino Hills	San Bernardin	2,409,841	1,596,267	1,204,921	2,801,188	0	(120,000)	120,000	1%
Colton	San Bernardin	4,822,719	2,260,310	2,411,360	4,671,670	0	(241,000)	241,000	2%
Fontana	San Bernardin	10,056,647	1,068,651	5,028,324	6,096,975	0	(503,000)	503,000	1%
Grand Terrace	San Bernardin	485,348	393,885	242,674	636,559	0	(24,000)	24,000	1%
Hesperia	San Bernardin	3,643,876	482,676	1,821,938	2,304,614	0	(182,000)	182,000	2%
Highland	San Bernardin	1,079,861	1,954,235	539,931	2,494,166	0	(54,000)	54,000	1%
Loma Linda	San Bernardin	2,315,982	614,452	1,157,991	1,772,443	0	(116,000)	116,000	2%
Montclair	San Bernardin	8,773,888	1,278,013	4,386,944	5,664,957	0	(439,000)	439,000	3%
Needles	San Bernardin	454,334	490,471	227,167	717,638	0	(23,000)	23,000	1%
Ontario	San Bernardin	29,618,549	10,968,223	14,809,275	25,777,498	0	(1,481,000)	1,481,000	2%
Rancho Cucar	San Bernardin	11,954,117	3,121,697	5,977,059	9,098,756	0	(598,000)	598,000	2%
Redlands	San Bernardin	6,965,553	6,169,456	3,482,777	9,652,233	0	(348,000)	348,000	2%
Rialto	San Bernardin	281,432	7,731,002	140,716	7,871,718	0	(14,000)	14,000	0%
San Bernardin	San Bernardin	24,750,545	7,257,248	12,375,273	19,632,521	0	(1,238,000)	1,238,000	2%
Twentynine Pa	San Bernardin	536,801	1,078,493	268,401	1,346,894	0	(27,000)	27,000	1%
Upland	San Bernardin	6,530,438	5,756,476	3,265,219	9,021,695	0	(327,000)	327,000	2%
Victorville	San Bernardino		data not available						
Yucaipa	San Bernardin	1,345,994	3,772,967	672,997	4,445,964	0	(67,000)	67,000	1%
Yucca Valley	San Bernardin	2,014,940	1,625,899	1,007,470	2,633,369	0	(101,000)	101,000	2%
Carlsbad	San Diego	18,877,038	17,142,645	9,438,519	26,581,164	0	(944,000)	944,000	2%
Chula Vista	San Diego	16,952,378	10,449,889	8,476,189	18,926,078	0	(848,000)	848,000	2%
Coronado	San Diego	1,876,126	7,962,658	938,063	8,900,721	0	(94,000)	94,000	0%
Del Mar	San Diego	1,406,807	1,612,004	703,404	2,315,408	0	(70,000)	70,000	1%
El Cajon	San Diego	16,945,984	4,017,174	8,472,992	12,490,166	0	(847,000)	847,000	3%
Encinitas	San Diego	8,657,872	13,333,257	4,328,936	17,662,193	0	(433,000)	433,000	1%
Escondido	San Diego	27,231,341	5,483,464	13,615,671	19,099,135	0	(1,362,000)	1,362,000	3%

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City	County	SalesTax (SUT) StatusQuo	PropTax (PT) StatusQuo	SUT after 50% Swap	PT after 50% Swap	Difference StatusQuo	SUT growth 10% better than PT	PT growth 10% better than SUT	General Revenues
Imperial Beach	San Diego	527,032	1,632,077	263,516	1,895,593	0	(26,000)	26,000	0%
La Mesa	San Diego	10,369,496	3,037,765	5,184,748	8,222,513	0	(518,000)	518,000	3%
Lemon Grove	San Diego	3,655,584	1,174,695	1,827,792	3,002,487	0	(183,000)	183,000	2%
National City	San Diego	12,413,860	2,003,482	6,206,930	8,210,412	0	(621,000)	621,000	3%
Oceanside	San Diego	13,797,446	15,120,588	6,898,723	22,019,311	0	(690,000)	690,000	1%
Poway	San Diego	7,076,323	4,646,986	3,538,162	8,185,148	0	(354,000)	354,000	2%
San Diego	San Diego	169,342,181	150,472,621	84,671,091	235,143,712	0	(8,467,000)	8,467,000	1%
San Marcos	San Diego	8,936,082	2,740,616	4,468,041	7,208,657	0	(447,000)	447,000	2%
Santee	San Diego	5,409,364	4,923,683	2,704,682	7,628,365	0	(270,000)	270,000	2%
Solana Beach	San Diego	2,165,840	2,765,085	1,082,920	3,848,005	0	(108,000)	108,000	1%
Vista	San Diego	9,008,073	5,238,293	4,504,037	9,742,330	0	(450,000)	450,000	2%
San Francisco	San Francisco	133,394,788	447,959,046	66,697,394	514,656,440	0	(6,670,000)	6,670,000	0%
Escalon	San Joaquin	665,335	495,829	332,668	828,497	0	(33,000)	33,000	2%
Lathrop	San Joaquin	1,513,885	1,231,496	756,943	1,988,439	0	(76,000)	76,000	2%
Lodi	San Joaquin	7,095,460	4,778,560	3,547,730	8,326,290	0	(355,000)	355,000	1%
Manteca	San Joaquin	5,062,336	2,613,023	2,531,168	5,144,191	0	(253,000)	253,000	2%
Ripon	San Joaquin	1,192,382	428,860	596,191	1,025,051	0	(60,000)	60,000	1%
Stockton	San Joaquin	28,559,532	15,723,319	14,279,766	30,003,085	0	(1,428,000)	1,428,000	1%
Tracy	San Joaquin	7,992,636	5,097,909	3,996,318	9,094,227	0	(400,000)	400,000	2%
Arroyo Grande	San Luis Obis	2,612,247	1,847,679	1,306,124	3,153,803	0	(131,000)	131,000	2%
Atascadero	San Luis Obis	2,721,805	2,653,360	1,360,903	4,014,263	0	(136,000)	136,000	1%
El Paso De Rc	San Luis Obis	4,536,235	2,327,825	2,268,118	4,595,943	0	(227,000)	227,000	2%
Grover City	San Luis Obis	854,993	1,010,010	427,497	1,437,507	0	(43,000)	43,000	1%
Morro Bay	San Luis Obis	1,232,193	1,589,660	616,097	2,205,757	0	(62,000)	62,000	1%
Pismo Beach	San Luis Obis	1,462,725	1,514,347	731,363	2,245,710	0	(73,000)	73,000	1%
San Luis Obis	San Luis Obis	9,072,000	4,582,400	4,536,000	9,118,400	0	(454,000)	454,000	2%
Atherton	San Mateo	525,067	2,011,279	262,534	2,273,813	0	(26,000)	26,000	0%
Belmont	San Mateo	3,362,246	1,516,458	1,681,123	3,197,581	0	(168,000)	168,000	1%
Brisbane	San Mateo	2,963,117	957,301	1,481,559	2,438,860	0	(148,000)	148,000	3%
Burlingame	San Mateo	9,657,290	5,501,820	4,828,645	10,330,465	0	(483,000)	483,000	1%
Colma	San Mateo	8,212,565	35,681	4,106,283	4,141,964	0	(411,000)	411,000	4%
Daly City	San Mateo	7,505,750	8,875,584	3,752,875	12,628,459	0	(375,000)	375,000	1%
East Palo Alto	San Mateo	345,093	1,866,227	172,547	2,038,774	0	(17,000)	17,000	0%
Foster City	San Mateo	4,645,280	-	2,322,640	2,322,640	0	(232,000)	232,000	2%
Half Moon Bay	San Mateo	1,411,869	635,260	705,935	1,341,195	0	(71,000)	71,000	2%
Hillsborough	San Mateo	82,528	4,999,535	41,264	5,040,799	0	(4,100)	4,100	0%
Menlo Park	San Mateo	9,229,655	4,564,246	4,614,828	9,179,074	0	(461,000)	461,000	2%

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Millbrae	San Mateo	2,160,880	2,264,219	1,080,440	3,344,659	0	(108,000)	108,000	1%
Pacifica	San Mateo	1,213,513	4,773,766	606,757	5,380,523	0	(61,000)	61,000	0%
Portola Valley	San Mateo	152,443	401,345	76,222	477,567	0	(8,000)	8,000	0%
Redwood City	San Mateo	18,253,602	14,133,801	9,126,801	23,260,602	0	(913,000)	913,000	2%
San Bruno	San Mateo	6,466,250	3,456,389	3,233,125	6,689,514	0	(323,000)	323,000	2%
San Carlos	San Mateo	6,450,363	3,123,538	3,225,182	6,348,720	0	(323,000)	323,000	2%
San Mateo	San Mateo	17,415,136	12,684,292	8,707,568	21,391,860	0	(871,000)	871,000	2%
South San Fra	San Mateo	12,129,384	8,807,936	6,064,692	14,872,628	0	(606,000)	606,000	2%
Woodside	San Mateo	400,376	760,470	200,188	960,658	0	(20,000)	20,000	1%
Buellton	Santa Barbara	1,309,868	374,372	654,934	1,029,306	0	(65,000)	65,000	2%
Carpinteria	Santa Barbara	1,241,940	901,436	620,970	1,522,406	0	(62,000)	62,000	1%
Guadalupe	Santa Barbara	148,794	51,614	74,397	126,011	0	(7,000)	7,000	0%
Lompoc	Santa Barbara	2,881,825	2,213,202	1,440,913	3,654,115	0	(144,000)	144,000	1%
Santa Barbara	Santa Barbara	17,033,066	8,126,664	8,516,533	16,643,197	0	(852,000)	852,000	1%
Santa Maria	Santa Barbara	12,206,509	3,187,506	6,103,255	9,290,761	0	(610,000)	610,000	2%
Solvang	Santa Barbara	1,017,394	719,126	508,697	1,227,823	0	(51,000)	51,000	1%
Campbell	Santa Clara	10,870,039	3,442,447	5,435,020	8,877,467	0	(544,000)	544,000	2%
Cupertino	Santa Clara	12,530,471	1,260,851	6,265,236	7,526,087	0	(627,000)	627,000	2%
Gilroy	Santa Clara	9,522,500	2,894,854	4,761,250	7,656,104	0	(476,000)	476,000	2%
Los Altos	Santa Clara	2,500,380	4,800,572	1,250,190	6,050,762	0	(125,000)	125,000	1%
Los Altos Hills	Santa Clara	100,716	773,688	50,358	824,046	0	(5,000)	5,000	0%
Los Gatos	Santa Clara	7,932,100	3,615,300	3,966,050	7,581,350	0	(397,000)	397,000	2%
Milpitas	Santa Clara	13,652,190	7,208,626	6,826,095	14,034,721	0	(683,000)	683,000	2%
Monte Sereno	Santa Clara	37,884	273,263	18,942	292,205	0	(1,900)	1,900	0%
Morgan Hill	Santa Clara	4,454,774	1,655,317	2,227,387	3,882,704	0	(223,000)	223,000	2%
Mountain View	Santa Clara	21,011,234	11,755,005	10,505,617	22,260,622	0	(1,051,000)	1,051,000	2%
Palo Alto	Santa Clara	22,173,929	10,652,318	11,086,965	21,739,283	0	(1,109,000)	1,109,000	2%
San Jose	Santa Clara	135,770,572	71,970,853	67,885,286	139,856,139	0	(6,789,000)	6,789,000	1%
Santa Clara	Santa Clara	42,635,574	13,545,425	21,317,787	34,863,212	0	(2,132,000)	2,132,000	2%
Saratoga	Santa Clara	1,071,122	1,392,388	535,561	1,927,949	0	(54,000)	54,000	1%
Sunnyvale	Santa Clara	32,643,874	18,100,245	16,321,937	34,422,182	0	(1,632,000)	1,632,000	2%
Capitola	Santa Cruz	4,859,602	492,727	2,429,801	2,922,528	0	(243,000)	243,000	3%
Santa Cruz	Santa Cruz	8,575,293	5,831,522	4,287,647	10,119,169	0	(429,000)	429,000	1%
Scotts Valley	Santa Cruz	1,951,952	550,150	975,976	1,526,126	0	(98,000)	98,000	2%
Watsonville	Santa Cruz	4,431,983	2,770,076	2,215,992	4,986,068	0	(222,000)	222,000	2%
Anderson	Shasta	1,138,610	522,053	569,305	1,091,358	0	(57,000)	57,000	2%
Redding	Shasta	15,368,648	5,200,816	7,684,324	12,885,140	0	(768,000)	768,000	2%

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Shasta Lake	Shasta	202,802	737,088	101,401	838,489	0	(10,000)	10,000	0%
Loyalton	Sierra	100,721	25,427	50,361	75,788	0	(5,000)	5,000	2%
Dorris	Siskiyou	22,909	61,483	11,455	72,938	0	(1,100)	1,100	1%
Dunsmuir	Siskiyou	142,135	178,524	71,068	249,592	0	(7,000)	7,000	1%
Etna	Siskiyou	39,018	57,872	19,509	77,381	0	(2,000)	2,000	1%
Fort Jones	Siskiyou	86,162	72,185	43,081	115,266	0	(4,300)	4,300	2%
Montague	Siskiyou	54,268	84,696	27,134	111,830	0	(2,700)	2,700	1%
Mt Shasta	Siskiyou	669,089	275,880	334,545	610,425	0	(33,000)	33,000	2%
Tulelake	Siskiyou	64,408	57,124	32,204	89,328	0	(3,200)	3,200	1%
Weed	Siskiyou	374,401	192,703	187,201	379,904	0	(19,000)	19,000	2%
Yreka	Siskiyou	1,639,190	561,616	819,595	1,381,211	0	(82,000)	82,000	2%
Benicia	Solano	3,921,581	7,412,350	1,960,791	9,373,141	0	(196,000)	196,000	1%
Dixon	Solano	1,707,368	1,447,503	853,684	2,301,187	0	(85,000)	85,000	1%
Fairfield	Solano	13,462,198	5,468,197	6,731,099	12,199,296	0	(673,000)	673,000	2%
Rio Vista	Solano	599,733	300,490	299,867	600,357	0	(30,000)	30,000	2%
Suisun City	Solano	840,426	669,953	420,213	1,090,166	0	(42,000)	42,000	1%
Vacaville	Solano	9,462,205	6,037,842	4,731,103	10,768,945	0	(473,000)	473,000	2%
Vallejo	Solano	9,893,972	9,177,875	4,946,986	14,124,861	0	(495,000)	495,000	1%
Cloverdale	Sonoma	388,856	544,491	194,428	738,919	0	(19,000)	19,000	1%
Cotati	Sonoma	970,964	291,858	485,482	777,340	0	(49,000)	49,000	2%
Healdsburg	Sonoma	2,445,455	348,955	1,222,728	1,571,683	0	(122,000)	122,000	3%
Petaluma	Sonoma	9,711,549	4,021,554	4,855,775	8,877,329	0	(486,000)	486,000	2%
Rohnert Park	Sonoma	5,601,412	2,072,922	2,800,706	4,873,628	0	(280,000)	280,000	2%
Santa Rosa	Sonoma	27,436,717	11,254,226	13,718,359	24,972,585	0	(1,372,000)	1,372,000	2%
Sebastopol	Sonoma	1,339,159	627,360	669,580	1,296,940	0	(67,000)	67,000	2%
Sonoma	Sonoma	1,885,805	755,450	942,903	1,698,353	0	(94,000)	94,000	2%
Windsor	Sonoma	2,088,574	1,785,794	1,044,287	2,830,081	0	(104,000)	104,000	1%
Ceres	Stanislaus	3,250,032	1,119,470	1,625,016	2,744,486	0	(163,000)	163,000	2%
Hughson	Stanislaus	143,502	89,721	71,751	161,472	0	(7,000)	7,000	1%
Modesto	Stanislaus	20,881,338	7,667,644	10,440,669	18,108,313	0	(1,044,000)	1,044,000	1%
Newman	Stanislaus	378,898	278,607	189,449	468,056	0	(19,000)	19,000	2%
Oakdale	Stanislaus	2,248,087	715,611	1,124,044	1,839,655	0	(112,000)	112,000	2%
Patterson	Stanislaus	729,217	394,019	364,609	758,628	0	(36,000)	36,000	2%
Riverbank	Stanislaus	475,692	625,405	237,846	863,251	0	(24,000)	24,000	1%
Turlock	Stanislaus	6,291,554	2,305,448	3,145,777	5,451,225	0	(315,000)	315,000	2%
Waterford	Stanislaus	245,484	196,262	122,742	319,004	0	(12,000)	12,000	1%
Live Oak	Sutter	117,654	254,265	58,827	313,092	0	(6,000)	6,000	0%

Exhibit One: Range of Fiscal Impacts of AB1221 by City

actual impact depends on each city's future % growth of property tax vs sales tax $

		Base Year	2000				Year 1 Net Impact		% of
City	County	SalesTax (SUT) StatusQuo	PropTax (PT) StatusQuo	SUT after 50% Swap	PT after 50% Swap	Difference StatusQuo	SUT growth 10% better than PT	PT growth 10% better than SUT	General Revenues
Yuba City	Sutter	6,582,580	2,779,299	3,291,290	6,070,589	0	(329,000)	329,000	2%
Corning	Tehama	1,537,028	288,901	768,514	1,057,415	0	(77,000)	77,000	3%
Red Bluff	Tehama	2,180,227	831,012	1,090,114	1,921,126	0	(109,000)	109,000	2%
Tehama	Tehama	1,437	11,489	719	12,208	0	(100)	100	0%
Dinuba	Tulare	1,350,256	437,574	675,128	1,112,702	0	(68,000)	68,000	1%
Exeter	Tulare	484,638	361,961	242,319	604,280	0	(24,000)	24,000	1%
Farmersville	Tulare	327,869	131,096	163,935	295,031	0	(16,000)	16,000	1%
Lindsay	Tulare	332,013	226,936	166,007	392,943	0	(17,000)	17,000	1%
Porterville	Tulare	3,763,170	1,289,159	1,881,585	3,170,744	0	(188,000)	188,000	2%
Tulare	Tulare	4,470,265	1,868,480	2,235,133	4,103,613	0	(224,000)	224,000	2%
Visalia	Tulare	14,791,945	5,233,524	7,395,973	12,629,497	0	(740,000)	740,000	2%
Woodlake	Tulare	200,031	108,213	100,016	208,229	0	(10,000)	10,000	1%
Sonora	Tuolumne	1,819,125	363,224	909,563	1,272,787	0	(91,000)	91,000	3%
Camarillo	Ventura	7,868,059	2,057,652	3,934,030	5,991,682	0	(393,000)	393,000	2%
Fillmore	Ventura	635,197	292,170	317,599	609,769	0	(32,000)	32,000	2%
Moorpark	Ventura	1,805,049	1,573,342	902,525	2,475,867	0	(90,000)	90,000	1%
Ojai	Ventura	1,064,856	642,609	532,428	1,175,037	0	(53,000)	53,000	1%
Oxnard	Ventura	17,357,447	11,849,256	8,678,724	20,527,980	0	(868,000)	868,000	1%
Port Hueneme	Ventura	748,098	721,849	374,049	1,095,898	0	(37,000)	37,000	1%
San Buenaver	Ventura	17,073,424	10,881,336	8,536,712	19,418,048	0	(854,000)	854,000	2%
Santa Paula	Ventura	1,672,529	1,711,481	836,265	2,547,746	0	(84,000)	84,000	1%
Simi Valley	Ventura	10,629,416	6,178,976	5,314,708	11,493,684	0	(531,000)	531,000	2%
Thousand Oal	Ventura	21,945,184	6,028,251	10,972,592	17,000,843	0	(1,097,000)	1,097,000	2%
Davis	Yolo	4,181,035	5,671,459	2,090,518	7,761,977	0	(209,000)	209,000	1%
West Sacrame	Yolo	9,042,175	5,786,522	4,521,088	10,307,610	0	(452,000)	452,000	2%
Winters	Yolo	203,336	465,567	101,668	567,235	0	(10,000)	10,000	1%
Woodland	Yolo	6,730,738	7,325,737	3,365,369	10,691,106	0	(337,000)	337,000	2%
Marysville	Yuba	1,917,748	851,541	958,874	1,810,415	0	(96,000)	96,000	2%
Wheatland	Yuba	88,216	62,468	44,108	106,576	0	(4,400)	4,400	1%

Exhibit Two: Estimated Apportionment Factor Changes - LA County

City	ApprxAvg AB8factor	NewAvg AB8factor
Agoura Hills	5.9%	10.9%
Alhambra	16.7%	37.7%
Arcadia	9.7%	17.8%
Artesia	6.7%	21.0%
Avalon	19.5%	46.7%
Azusa	15.1%	26.4%
Baldwin Park	10.0%	19.9%
Bell	5.4%	17.6%
Bell Gardens	6.2%	13.9%
Bellflower	6.7%	18.7%
Beverly Hills	17.5%	26.8%
Bradbury	6.2%	6.4%
Burbank	18.5%	29.8%
Calabasas	4.7%	8.9%
Carson	6.7%	21.9%
Cerritos	8.7%	83.8%
Claremont	11.6%	20.0%
Commerce	6.8%	36.5%
Compton	9.2%	19.8%
Covina	14.8%	32.6%
Cudahy	6.6%	19.1%
Culver City	10.5%	45.7%
Diamond Bar	5.3%	8.9%
Downey	14.4%	29.1%
Duarte	13.6%	57.0%
El Monte	10.6%	33.7%
El Segundo	6.3%	12.6%
Gardena	11.4%	23.5%
Glendale	13.1%	26.5%

City	ApprxAvg AB8factor	NewAvg AB8factor
Glendora	8.9%	17.6%
Hawaiian Gar	5.6%	20.8%
Hawthorne	11.2%	25.0%
Hermosa Bea	20.5%	26.1%
Hidden Hills	5.9%	6.1%
Huntington Pa	7.6%	31.4%
Industry	16.8%	100%**
Inglewood	14.3%	26.3%
Irwindale	9.9%	49.4%
La Canada Fli	6.7%	9.7%
La Habra Heig	10.0%	10.5%
La Mirada	6.7%	16.0%
La Puente	6.6%	19.6%
La Verne	15.9%	23.7%
Lakewood	6.0%	17.6%
Lancaster	6.8%	24.8%
Lawndale	6.6%	18.5%
Lomita	6.7%	10.5%
Long Beach	21.7%	30.8%
Los Angeles	26.9%	35.3%
Lynwood	11.7%	20.1%
Malibu	7.0%	9.5%
Manhattan Be	13.8%	20.3%
Maywood	16.5%	37.0%
Monrovia	17.6%	36.3%
Montebello	9.8%	35.8%
Monterey Park	15.9%	22.8%
Norwalk	6.6%	13.5%
Palmdale	7.0%	13.9%
Palos Verdes	11.6%	12.1%

City	ApprxAvg AB8factor	NewAvg AB8factor
Paramount	6.7%	29.8%
Pasadena	17.9%	30.8%
Pico Rivera	6.7%	12.7%
Pomona	23.0%	36.9%
Rancho Palos	6.4%	7.2%
Redondo Bea	15.9%	22.9%
Rolling Hills	6.5%	6.5%
Rolling Hills E	6.7%	11.1%
Rosemead	9.4%	20.9%
San Dimas	9.9%	19.5%
San Fernando	14.8%	52.5%
San Gabriel	10.8%	19.1%
San Marino	24.1%	25.2%
Santa Clarita	5.8%	16.4%
Santa Fe Spri	6.2%	62.2%
Santa Monica	14.0%	26.2%
Sierra Madre	22.0%	23.6%
Signal Hill	6.8%	100%**
South El Mont	6.7%	22.0%
South Gate	6.4%	19.2%
South Pasade	24.1%	28.5%
Temple City	9.3%	16.0%
Torrance	11.7%	24.6%
Vernon	7.3%	15.6%
Walnut	5.3%	9.0%
West Covina	15.9%	32.7%
West Hollywo	16.5%	28.7%
Westlake Villa	6.4%	15.6%
Whittier	7.3%	17.1%

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ARTESIA

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax (1/2 Sales Tax)	% Chg	Property Tax (Base Plus % Growth)	% Chg	Total	% Chg	COMPARISON Difference (AB 1221 - Actual)	% Diff	Cumulative (AB 1221 - Actual)	% Diff
1994-95 Base Yr	1,437,138		387,484		1,824,622		718,569		1,106,053		1,824,622		-	0.0%	-	0.0%
1995-96	1,448,239	0.8%	450,217	16.2%	1,898,456	4.0%	724,120	0.8%	1,285,120	16.2%	2,009,239	10.1%	110,784	5.8%	110,784	3.0%
1996-97	1,507,761	4.1%	446,914	-0.7%	1,954,675	3.0%	753,880	4.1%	1,275,694	-0.7%	2,029,574	1.0%	74,899	3.8%	185,683	3.3%
1997-98	1,641,122	8.8%	436,639	-2.3%	2,077,761	6.3%	820,561	8.8%	1,246,362	-2.3%	2,066,924	1.8%	(10,838)	-0.5%	174,845	2.3%
1998-99	1,699,541	3.6%	440,412	0.9%	2,139,954	3.0%	849,771	3.6%	1,257,134	0.9%	2,106,905	1.9%	(33,049)	-1.5%	141,796	1.4%
1999-2000	1,880,107	10.6%	447,084	1.5%	2,327,190	8.7%	940,053	10.6%	1,276,177	1.5%	2,216,230	5.2%	(110,960)	-4.8%	30,836	0.3%
2000-01	2,102,025	11.8%	455,833	2.0%	2,557,858	9.9%	1,051,013	11.8%	1,301,151	2.0%	2,352,164	6.1%	(205,694)	-8.0%	(174,858)	-1.2%
2001-02	2,024,069	-3.7%	481,989	5.7%	2,506,058	-2.0%	1,012,034	-3.7%	1,375,812	5.7%	2,387,847	1.5%	(118,211)	-4.7%	(293,069)	-1.7%

AVALON

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax (1/2 Sales Tax)	% Chg	Property Tax (Base Plus % Growth)	% Chg	Total	% Chg	COMPARISON Difference (AB 1221 - Actual)	% Diff	Cumulative (AB 1221 - Actual)	% Diff
1994-95 Base Yr	448,838		206,338		655,176		224,419		430,757		655,176		-	0.0%	-	0.0%
1995-96	498,690	11.1%	208,274	0.9%	706,964	7.9%	249,345	11.1%	434,799	0.9%	684,144	4.4%	(22,820)	-3.2%	(22,820)	-1.7%
1996-97	521,359	4.5%	206,374	-0.9%	727,733	2.9%	260,680	4.5%	430,832	-0.9%	691,512	1.1%	(36,222)	-5.0%	(59,042)	-2.8%
1997-98	535,567	2.7%	204,484	-0.9%	740,052	1.7%	267,784	2.7%	426,887	-0.9%	694,671	0.5%	(45,381)	-6.1%	(104,423)	-3.7%
1998-99	612,916	14.4%	204,481	0.0%	817,396	10.5%	306,458	14.4%	426,880	0.0%	733,337	5.6%	(84,059)	-10.3%	(188,482)	-5.2%
1999-2000	631,871	3.1%	213,644	4.5%	845,516	3.4%	315,936	3.1%	446,010	4.5%	761,946	3.9%	(83,570)	-9.9%	(272,052)	-6.1%
2000-01	647,769	2.5%	197,893	-7.4%	845,662	0.0%	323,885	2.5%	413,126	-7.4%	737,011	-3.3%	(108,651)	-12.8%	(380,703)	-7.1%
2001-02	664,484	2.6%	196,740	-0.6%	861,224	1.8%	332,242	2.6%	410,720	-0.6%	742,962	0.8%	(118,262)	-13.7%	(498,965)	-8.0%

BELL

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax (1/2 Sales Tax)	% Chg	Property Tax (Base Plus % Growth)	% Chg	Total	% Chg	COMPARISON Difference (AB 1221 - Actual)	% Diff	Cumulative (AB 1221 - Actual)	% Diff
1994-95 Base Yr	1,562,265		205,345		1,767,610		781,132		986,477		1,767,610		-	0.0%	-	0.0%
1995-96	1,567,931	0.4%	344,144	67.6%	1,912,076	8.2%	783,966	0.4%	1,653,270	67.6%	2,437,235	37.9%	525,160	27.5%	525,160	14.3%
1996-97	1,528,070	-2.5%	346,014	0.5%	1,874,083	-2.0%	764,035	-2.5%	1,662,250	0.5%	2,426,284	-0.4%	552,201	29.5%	1,077,361	19.4%
1997-98	1,567,938	2.6%	306,191	-11.5%	1,874,130	0.0%	783,969	2.6%	1,470,943	-11.5%	2,254,912	-7.1%	380,782	20.3%	1,458,143	19.6%
1998-99	1,676,745	6.9%	306,455	0.1%	1,983,199	5.8%	838,372	6.9%	1,472,208	0.1%	2,310,580	2.5%	327,381	16.5%	1,785,524	19.0%
1999-2000	1,819,394	8.5%	324,627	5.9%	2,144,020	8.1%	909,697	8.5%	1,559,506	5.9%	2,469,203	6.9%	325,183	15.2%	2,110,706	18.3%
2000-01	1,939,246	6.6%	325,564	0.3%	2,264,810	5.6%	969,623	6.6%	1,564,010	0.3%	2,533,633	2.6%	268,823	11.9%	2,379,529	17.2%
2001-02	2,159,042	11.3%	343,900	5.6%	2,502,942	10.5%	1,079,521	11.3%	1,652,096	5.6%	2,731,617	7.8%	228,675	9.1%	2,608,204	16.0%

BELLFLOWER

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax (1/2 Sales Tax)	% Chg	Property Tax (Base Plus % Growth)	% Chg	Total	% Chg	COMPARISON Difference (AB 1221 - Actual)	% Diff	Cumulative (AB 1221 - Actual)	% Diff
1994-95 Base Yr	4,309,744		1,183,193		5,492,937		2,154,872		3,338,065		5,492,937		-	0.0%	-	0.0%
1995-96	4,318,735	0.2%	1,399,463	18.3%	5,718,197	4.1%	2,159,367	0.2%	3,948,212	18.3%	6,107,579	11.2%	389,382	6.8%	389,382	3.5%
1996-97	4,276,424	-1.0%	1,384,180	-1.1%	5,660,604	-1.0%	2,138,212	-1.0%	3,905,096	-1.1%	6,043,309	-1.1%	382,704	6.8%	772,087	4.6%
1997-98	4,330,166	1.3%	1,339,140	-3.3%	5,669,306	0.2%	2,165,083	1.3%	3,778,029	-3.3%	5,943,112	-1.7%	273,806	4.8%	1,045,892	4.6%
1998-99	4,599,833	6.2%	1,360,830	1.6%	5,960,663	5.1%	2,299,917	6.2%	3,839,221	1.6%	6,139,138	3.3%	178,474	3.0%	1,224,367	4.3%
1999-2000	5,037,271	9.5%	1,388,066	2.0%	6,425,337	7.8%	2,518,635	9.5%	3,916,061	2.0%	6,434,696	4.8%	9,359	0.1%	1,233,726	3.5%
2000-01	5,462,505	8.4%	1,461,091	5.3%	6,923,596	7.8%	2,731,253	8.4%	4,122,080	5.3%	6,853,333	6.5%	(70,263)	-1.0%	1,163,462	2.8%
2001-02	5,646,629	3.4%	1,544,605	5.7%	7,191,234	3.9%	2,823,315	3.4%	4,357,693	5.7%	7,181,008	4.8%	(10,227)	-0.1%	1,153,236	2.4%

BELL GARDENS	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 Base Yr	$ 1,281,505		$ 367,994		$ 1,649,498		$ 640,752		$ 1,008,746		$ 1,649,498		$ -	0.0%	$ -	0.0%
1995-96	$ 1,349,912	5.3%	$ 373,448	1.5%	$ 1,723,360	4.5%	$ 674,956	5.3%	$ 1,023,696	1.5%	$ 1,698,652	3.0%	$ (24,707)	-1.4%	$ (24,707)	-0.7%
1996-97	$ 1,357,815	0.6%	$ 376,851	0.9%	$ 1,734,666	0.7%	$ 678,908	0.6%	$ 1,033,025	0.9%	$ 1,711,932	0.8%	$ (22,734)	-1.3%	$ (47,441)	-0.9%
1997-98	$ 1,412,994	4.1%	$ 322,606	-14.4%	$ 1,735,599	0.1%	$ 706,497	4.1%	$ 884,328	-14.4%	$ 1,590,825	-7.1%	$ (144,774)	-8.3%	$ (192,216)	-2.8%
1998-99	$ 1,428,730	1.1%	$ 326,401	1.2%	$ 1,755,130	1.1%	$ 714,365	1.1%	$ 894,731	1.2%	$ 1,609,096	1.1%	$ (146,034)	-8.3%	$ (338,250)	-3.9%
1999-2000	$ 1,480,791	3.6%	$ 359,605	10.2%	$ 1,840,396	4.9%	$ 740,396	3.6%	$ 985,752	10.2%	$ 1,726,147	7.3%	$ (114,249)	-6.2%	$ (452,499)	-4.3%
2000-01	$ 1,524,894	3.0%	$ 343,875	-4.4%	$ 1,868,768	1.5%	$ 762,447	3.0%	$ 942,631	-4.4%	$ 1,705,078	-1.2%	$ (163,691)	-8.8%	$ (616,190)	-5.0%
2001-02	$ 1,497,317	-1.8%	$ 359,275	4.5%	$ 1,856,592	-0.7%	$ 748,658	-1.8%	$ 984,846	4.5%	$ 1,733,505	1.7%	$ (123,087)	-6.6%	$ (739,277)	-5.2%

CERRITOS	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 Base Yr	$ 17,340,948		$ 1,211,926		$ 18,552,873		$ 8,670,474		$ 9,882,399		$ 18,552,873		$ -	0.0%	$ -	0.0%
1995-96	$ 18,373,508	6.0%	$ 1,409,446	16.3%	$ 19,782,954	6.6%	$ 9,186,754	6.0%	$ 11,493,036	16.3%	$ 20,679,790	11.5%	$ 896,836	4.5%	$ 896,836	2.3%
1996-97	$ 19,632,903	6.9%	$ 1,413,444	0.3%	$ 21,046,347	6.4%	$ 9,816,452	6.9%	$ 11,525,642	0.3%	$ 21,342,094	3.2%	$ 295,747	1.4%	$ 1,192,583	2.0%
1997-98	$ 20,706,721	5.5%	$ 1,393,693	-1.4%	$ 22,100,413	5.0%	$ 10,353,360	5.5%	$ 11,364,581	-1.4%	$ 21,717,941	1.8%	$ (382,472)	-1.7%	$ 810,111	1.0%
1998-99	$ 22,443,413	8.4%	$ 1,424,788	2.2%	$ 23,868,201	8.0%	$ 11,221,707	8.4%	$ 11,618,141	2.2%	$ 22,839,848	5.2%	$ (1,028,353)	-4.3%	$ (218,242)	-0.2%
1999-2000	$ 24,561,610	9.4%	$ 1,493,185	4.8%	$ 26,054,795	9.2%	$ 12,280,805	9.4%	$ 12,175,870	4.8%	$ 24,456,675	7.1%	$ (1,598,119)	-6.1%	$ (1,816,362)	-1.4%
2000-01	$ 26,127,908	6.4%	$ 1,600,548	7.2%	$ 27,728,456	6.4%	$ 13,063,954	6.4%	$ 13,051,340	7.2%	$ 26,115,294	6.8%	$ (1,613,162)	-5.8%	$ (3,429,524)	-2.2%
2001-02	$ 25,084,085	-4.0%	$ 1,686,959	5.4%	$ 26,771,044	-3.5%	$ 12,542,042	-4.0%	$ 13,755,962	5.4%	$ 26,298,004	0.7%	$ (473,039)	-1.8%	$ (3,902,563)	-2.1%

COMMERCE	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 Base Yr	$ 9,927,574		$ 1,118,079		$ 11,045,653		$ 4,963,787		$ 6,081,866		$ 11,045,653		$ -	0.0%	$ -	0.0%
1995-96	$ 10,414,423	4.9%	$ 1,284,975	14.9%	$ 11,699,398	5.9%	$ 5,207,212	4.9%	$ 6,989,704	14.9%	$ 12,196,915	10.4%	$ 497,517	4.3%	$ 497,517	2.2%
1996-97	$ 11,299,032	8.5%	$ 1,341,293	4.4%	$ 12,640,325	8.0%	$ 5,649,516	8.5%	$ 7,296,053	4.4%	$ 12,945,569	6.1%	$ 305,243	2.4%	$ 802,761	2.3%
1997-98	$ 11,211,999	-0.8%	$ 1,340,203	-0.1%	$ 12,552,203	-0.7%	$ 5,606,000	-0.8%	$ 7,290,124	-0.1%	$ 12,896,124	-0.4%	$ 343,921	2.7%	$ 1,146,682	2.4%
1998-99	$ 10,468,672	-6.6%	$ 1,380,265	3.0%	$ 11,848,937	-5.6%	$ 5,234,336	-6.6%	$ 7,508,042	3.0%	$ 12,742,378	-1.2%	$ 893,441	7.5%	$ 2,040,122	3.4%
1999-2000	$ 11,751,260	12.3%	$ 1,388,971	0.6%	$ 13,140,231	10.9%	$ 5,875,630	12.3%	$ 7,555,399	0.6%	$ 13,431,029	5.4%	$ 290,798	2.2%	$ 2,330,920	3.2%
2000-01	$ 11,131,401	-5.3%	$ 1,410,149	1.5%	$ 12,541,550	-4.6%	$ 5,565,701	-5.3%	$ 7,670,600	1.5%	$ 13,236,300	-1.4%	$ 694,750	5.5%	$ 3,025,670	3.5%
2001-02	$ 10,215,494	-8.2%	$ 1,439,731	2.1%	$ 11,655,225	-7.1%	$ 5,107,747	-8.2%	$ 7,831,513	2.1%	$ 12,939,260	-2.2%	$ 1,284,035	11.0%	$ 4,309,705	4.4%

COMPTON	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 Base Yr	$ 4,071,294		$ 1,900,748		$ 5,972,042		$ 2,035,647		$ 3,936,395		$ 5,972,042		$ -	0.0%	$ -	0.0%
1995-96	$ 4,027,743	-1.1%	$ 1,875,902	-1.3%	$ 5,903,645	-1.1%	$ 2,013,871	-1.1%	$ 3,884,939	-1.3%	$ 5,898,810	-1.2%	$ (4,834)	-0.1%	$ (4,834)	0.0%
1996-97	$ 4,327,394	7.4%	$ 1,905,136	1.6%	$ 6,232,529	5.6%	$ 2,163,697	7.4%	$ 3,945,481	1.6%	$ 6,109,178	3.6%	$ (123,351)	-2.0%	$ (128,185)	-0.7%
1997-98	$ 4,838,303	11.8%	$ 1,733,885	-9.0%	$ 6,572,188	5.4%	$ 2,419,151	11.8%	$ 3,590,826	-9.0%	$ 6,009,978	-1.6%	$ (562,210)	-8.6%	$ (690,396)	-2.8%
1998-99	$ 5,606,330	15.9%	$ 1,776,958	2.5%	$ 7,383,287	12.3%	$ 2,803,165	15.9%	$ 3,680,029	2.5%	$ 6,483,193	7.9%	$ (900,094)	-12.2%	$ (1,590,490)	-5.0%
1999-2000	$ 5,674,062	1.2%	$ 1,990,106	12.0%	$ 7,664,168	3.8%	$ 2,837,031	1.2%	$ 4,121,451	12.0%	$ 6,958,482	7.3%	$ (705,685)	-9.2%	$ (2,296,175)	-5.8%
2000-01	$ 5,748,709	1.3%	$ 1,886,618	-5.2%	$ 7,635,327	-0.4%	$ 2,874,355	1.3%	$ 3,907,131	-5.2%	$ 6,781,485	-2.5%	$ (853,841)	-11.2%	$ (3,150,017)	-6.7%
2001-02	$ 5,590,226	-2.8%	$ 1,954,885	3.6%	$ 7,545,111	-1.2%	$ 2,795,113	-2.8%	$ 4,048,510	3.6%	$ 6,843,624	0.9%	$ (701,488)	-9.3%	$ (3,851,504)	-7.0%

CUDAHY	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 **Base Yr**	$ 891,330		$ 131,480		$ 1,022,810		$ **445,665**		$ **577,145**		$ 1,022,810		$ -	0.0%	$ -	0.0%
1995-96	$ 887,946	-0.4%	$ 166,782	26.8%	$ 1,054,727	3.1%	$ 443,973	-0.4%	$ 732,106	26.8%	$ 1,176,079	15.0%	$ 121,352	11.5%	$ 121,352	5.8%
1996-97	$ 986,620	11.1%	$ 168,500	1.0%	$ 1,155,120	9.5%	$ 493,310	11.1%	$ 739,650	1.0%	$ 1,232,960	4.8%	$ 77,839	6.7%	$ 199,192	6.2%
1997-98	$ 1,030,221	4.4%	$ 154,947	-8.0%	$ 1,185,168	2.6%	$ 515,110	4.4%	$ 680,158	-8.0%	$ 1,195,268	-3.1%	$ 10,100	0.9%	$ 209,292	4.7%
1998-99	$ 1,019,340	-1.1%	$ 155,692	0.5%	$ 1,175,033	-0.9%	$ 509,670	-1.1%	$ 683,429	0.5%	$ 1,193,099	-0.2%	$ 18,067	1.5%	$ 227,359	4.1%
1999-2000	$ 1,143,651	12.2%	$ 158,271	1.7%	$ 1,301,923	10.8%	$ 571,826	12.2%	$ 694,751	1.7%	$ 1,266,576	6.2%	$ (35,347)	-2.7%	$ 192,012	2.8%
2000-01	$ 1,216,829	6.4%	$ 161,161	1.8%	$ 1,377,990	5.8%	$ 608,415	6.4%	$ 707,434	1.8%	$ 1,315,849	3.9%	$ (62,141)	-4.5%	$ 129,871	1.6%
2001-02	$ 1,165,626	-4.2%	$ 172,317	6.9%	$ 1,337,942	-2.9%	$ 582,813	-4.2%	$ 756,404	6.9%	$ 1,339,217	1.8%	$ 1,275	0.1%	$ 131,146	1.4%

DOWNEY	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 **Base Yr**	$ 8,808,369		$ 5,543,018		$ 14,351,387		$ **4,404,185**		$ **9,947,202**		$ 14,351,387		$ -	0.0%	$ -	0.0%
1995-96	$ 9,192,390	4.4%	$ 5,532,572	-0.2%	$ 14,724,962	2.6%	$ 4,596,195	4.4%	$ 9,928,457	-0.2%	$ 14,524,652	1.2%	$ (200,310)	-1.4%	$ (200,310)	-0.7%
1996-97	$ 9,428,791	2.6%	$ 5,589,285	1.0%	$ 15,018,075	2.0%	$ 4,714,395	2.6%	$ 10,030,231	1.0%	$ 14,744,626	1.5%	$ (273,449)	-1.8%	$ (473,759)	-1.1%
1997-98	$ 10,340,422	9.7%	$ 5,414,588	-3.1%	$ 15,755,010	4.9%	$ 5,170,211	9.7%	$ 9,716,730	-3.1%	$ 14,886,941	1.0%	$ (868,070)	-5.5%	$ (1,341,829)	-2.2%
1998-99	$ 11,129,365	7.6%	$ 5,547,697	2.5%	$ 16,677,062	5.9%	$ 5,564,682	7.6%	$ 9,955,600	2.5%	$ 15,520,282	4.3%	$ (1,156,780)	-6.9%	$ (2,498,608)	-3.3%
1999-2000	$ 12,151,725	9.2%	$ 5,851,115	5.5%	$ 18,002,840	7.9%	$ 6,075,863	9.2%	$ 10,500,098	5.5%	$ 16,575,960	6.8%	$ (1,426,880)	-7.9%	$ (3,925,489)	-4.2%
2000-01	$ 12,679,014	4.3%	$ 5,890,671	0.7%	$ 18,569,684	3.1%	$ 6,339,507	4.3%	$ 10,571,081	0.7%	$ 16,910,588	2.0%	$ (1,659,096)	-8.9%	$ (5,584,584)	-4.9%
2001-02	$ 13,036,462	2.8%	$ 6,255,587	6.2%	$ 19,292,048	3.9%	$ 6,518,231	2.8%	$ 11,225,940	6.2%	$ 17,744,171	4.9%	$ (1,547,877)	-8.0%	$ (7,132,462)	-5.4%

HAWAIIAN GARDENS	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 **Base Yr**	$ 676,754		$ 32,256		$ 709,010		$ **338,377**		$ **370,633**		$ 709,010		$ -	0.0%	$ -	0.0%
1995-96	$ 670,656	-0.9%	$ 32,256	0.0%	$ 702,912	-0.9%	$ 335,328	-0.9%	$ 370,633	0.0%	$ 705,961	-0.4%	$ 3,049	0.4%	$ 3,049	0.2%
1996-97	$ 687,965	2.6%	$ 32,256	0.0%	$ 720,221	2.5%	$ 343,983	2.6%	$ 370,633	0.0%	$ 714,616	1.2%	$ (5,606)	-0.8%	$ (2,557)	-0.1%
1997-98	$ 639,706	-7.0%	$ 32,256	0.0%	$ 671,962	-6.7%	$ 319,853	-7.0%	$ 370,633	0.0%	$ 690,486	-3.4%	$ 18,524	2.8%	$ 15,967	0.6%
1998-99	$ 643,946	0.7%	$ 32,256	0.0%	$ 676,202	0.6%	$ 321,973	0.7%	$ 370,633	0.0%	$ 692,606	0.3%	$ 16,404	2.4%	$ 32,371	0.9%
1999-2000	$ 661,534	2.7%	$ 32,256	0.0%	$ 693,790	2.6%	$ 330,767	2.7%	$ 370,633	0.0%	$ 701,400	1.3%	$ 7,610	1.1%	$ 39,982	1.0%
2000-01	$ 656,718	-0.7%	$ 32,256	0.0%	$ 688,974	-0.7%	$ 328,359	-0.7%	$ 370,633	0.0%	$ 698,992	-0.3%	$ 10,018	1.5%	$ 50,000	1.0%
2001-02	$ 552,281	-15.9%	$ 32,256	0.0%	$ 584,537	-15.2%	$ 276,140	-15.9%	$ 370,633	0.0%	$ 646,773	-7.5%	$ 62,237	10.6%	$ 112,236	2.1%

HUNTINGTON PARK	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 **Base Yr**	$ 3,491,964		$ 629,880		$ 4,121,844		$ **1,745,982**		$ **2,375,862**		$ 4,121,844		$ -	0.0%	$ -	0.0%
1995-96	$ 3,675,658	5.3%	$ 631,831	0.3%	$ 4,307,489	4.5%	$ 1,837,829	5.3%	$ 2,383,223	0.3%	$ 4,221,052	2.4%	$ (86,437)	-2.0%	$ (86,437)	-1.0%
1996-97	$ 3,549,519	-3.4%	$ 631,794	0.0%	$ 4,181,313	-2.9%	$ 1,774,759	-3.4%	$ 2,383,084	0.0%	$ 4,157,843	-1.5%	$ (23,470)	-0.6%	$ (109,907)	-0.9%
1997-98	$ 3,564,761	0.4%	$ 549,557	-13.0%	$ 4,114,318	-1.6%	$ 1,782,380	0.4%	$ 2,072,890	-13.0%	$ 3,855,271	-7.3%	$ (259,047)	-6.3%	$ (368,954)	-2.2%
1998-99	$ 3,646,882	2.3%	$ 558,708	1.7%	$ 4,205,590	2.2%	$ 1,823,441	2.3%	$ 2,107,408	1.7%	$ 3,930,849	2.0%	$ (274,741)	-6.5%	$ (643,694)	-3.1%
1999-2000	$ 4,108,735	12.7%	$ 623,680	11.6%	$ 4,732,415	12.5%	$ 2,054,367	12.7%	$ 2,352,479	11.6%	$ 4,406,846	12.1%	$ (325,569)	-6.9%	$ (969,264)	-3.8%
2000-01	$ 4,367,534	6.3%	$ 588,129	-5.7%	$ 4,955,663	4.7%	$ 2,183,767	6.3%	$ 2,218,380	-5.7%	$ 4,402,147	-0.1%	$ (553,516)	-11.2%	$ (1,522,780)	-5.0%
2001-02	$ 4,710,485	7.9%	$ 615,468	4.6%	$ 5,325,953	7.5%	$ 2,355,242	7.9%	$ 2,321,501	4.6%	$ 4,676,743	6.2%	$ (649,209)	-12.2%	$ (2,171,989)	-6.0%

LA HABRA HEIGHTS	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 Base Yr	$ 59,265		$ 586,806		$ 646,071		$ 29,632		$ 616,438		$ 646,071		$ -	0.0%	$ -	0.0%
1995-96	$ 43,912	-25.9%	$ 581,536	-0.9%	$ 625,448	-3.2%	$ 21,956	-25.9%	$ 610,902	-0.9%	$ 632,858	-2.0%	$ 7,410	1.2%	$ 7,410	0.6%
1996-97	$ 52,848	20.3%	$ 589,171	1.3%	$ 642,018	2.6%	$ 26,424	20.3%	$ 618,922	1.3%	$ 645,346	2.0%	$ 3,328	0.5%	$ 10,738	0.6%
1997-98	$ 53,905	2.0%	$ 567,870	-3.6%	$ 621,775	-3.2%	$ 26,952	2.0%	$ 596,546	-3.6%	$ 623,498	-3.4%	$ 1,724	0.3%	$ 12,462	0.5%
1998-99	$ 54,768	1.6%	$ 579,612	2.1%	$ 634,380	2.0%	$ 27,384	1.6%	$ 608,881	2.1%	$ 636,265	2.0%	$ 1,885	0.3%	$ 14,347	0.5%
1999-2000	$ 58,151	6.2%	$ 607,206	4.8%	$ 665,357	4.9%	$ 29,075	6.2%	$ 637,869	4.8%	$ 666,944	4.8%	$ 1,587	0.2%	$ 15,934	0.4%
2000-01	$ 74,805	28.6%	$ 648,327	6.8%	$ 723,133	8.7%	$ 37,403	28.6%	$ 681,066	6.8%	$ 718,469	7.7%	$ (4,664)	-0.6%	$ 11,271	0.2%
2001-02	$ 68,892	-7.9%	$ 689,982	6.4%	$ 758,874	4.9%	$ 34,446	-7.9%	$ 724,825	6.4%	$ 759,271	5.7%	$ 397	0.1%	$ 11,667	0.2%

LA MIRADA	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 Base Yr	$ 4,244,831		$ 1,156,184		$ 5,401,015		$ 2,122,416		$ 3,278,599		$ 5,401,015		$ -	0.0%	$ -	0.0%
1995-96	$ 4,895,330	15.3%	$ 1,392,651	20.5%	$ 6,287,981	16.4%	$ 2,447,665	15.3%	$ 3,949,151	20.5%	$ 6,396,816	18.4%	$ 108,835	1.7%	$ 108,835	0.9%
1996-97	$ 5,774,303	18.0%	$ 1,389,527	-0.2%	$ 7,163,830	13.9%	$ 2,887,151	18.0%	$ 3,940,294	-0.2%	$ 6,827,445	6.7%	$ (336,385)	-4.7%	$ (227,549)	-1.2%
1997-98	$ 6,527,942	13.1%	$ 1,389,423	0.0%	$ 7,917,365	10.5%	$ 3,263,971	13.1%	$ 3,939,999	0.0%	$ 7,203,970	5.5%	$ (713,395)	-9.0%	$ (940,945)	-3.5%
1998-99	$ 7,164,247	9.7%	$ 1,418,210	2.1%	$ 8,582,457	8.4%	$ 3,582,124	9.7%	$ 4,021,630	2.1%	$ 7,603,753	5.5%	$ (978,704)	-11.4%	$ (1,919,649)	-5.4%
1999-2000	$ 7,597,510	6.0%	$ 1,460,924	3.0%	$ 9,058,435	5.5%	$ 3,798,755	6.0%	$ 4,142,755	3.0%	$ 7,941,510	4.4%	$ (1,116,924)	-12.3%	$ (3,036,573)	-6.8%
2000-01	$ 8,273,919	8.9%	$ 1,526,000	4.5%	$ 9,799,919	8.2%	$ 4,136,960	8.9%	$ 4,327,291	4.5%	$ 8,464,250	6.6%	$ (1,335,669)	-13.6%	$ (4,372,242)	-8.1%
2001-02	$ 6,610,747	-20.1%	$ 1,622,588	6.3%	$ 8,233,335	-16.0%	$ 3,305,374	-20.1%	$ 4,601,185	6.3%	$ 7,906,558	-6.6%	$ (326,777)	-4.0%	$ (4,699,018)	-7.5%

LAKEWOOD	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 Base Yr	$ 6,297,480		$ 1,663,076		$ 7,960,556		$ 3,148,740		$ 4,811,816		$ 7,960,556		$ -	0.0%	$ -	0.0%
1995-96	$ 6,660,492	5.8%	$ 2,052,682	23.4%	$ 8,713,174	9.5%	$ 3,330,246	5.8%	$ 5,939,070	23.4%	$ 9,269,316	16.4%	$ 556,142	6.4%	$ 556,142	3.3%
1996-97	$ 6,788,419	1.9%	$ 2,092,064	1.9%	$ 8,880,483	1.9%	$ 3,394,209	1.9%	$ 6,053,016	1.9%	$ 9,447,225	1.9%	$ 566,742	6.4%	$ 1,122,884	4.4%
1997-98	$ 6,982,143	2.9%	$ 2,023,970	-3.3%	$ 9,006,114	1.4%	$ 3,491,072	2.9%	$ 5,855,999	-3.3%	$ 9,347,071	-1.1%	$ 340,957	3.8%	$ 1,463,842	4.2%
1998-99	$ 7,483,717	7.2%	$ 2,075,994	2.6%	$ 9,559,711	6.1%	$ 3,741,859	7.2%	$ 6,006,520	2.6%	$ 9,748,379	4.3%	$ 188,668	2.0%	$ 1,652,509	3.7%
1999-2000	$ 8,181,254	9.3%	$ 2,164,938	4.3%	$ 10,346,191	8.2%	$ 4,090,627	9.3%	$ 6,263,863	4.3%	$ 10,354,490	6.2%	$ 8,298	0.1%	$ 1,660,808	3.0%
2000-01	$ 9,216,623	12.7%	$ 2,261,695	4.5%	$ 11,478,319	10.9%	$ 4,608,312	12.7%	$ 6,543,814	4.5%	$ 11,152,126	7.7%	$ (326,193)	-2.8%	$ 1,334,615	2.0%
2001-02	$ 9,763,051	5.9%	$ 2,378,980	5.2%	$ 12,142,031	5.8%	$ 4,881,525	5.9%	$ 6,883,158	5.2%	$ 11,764,683	5.5%	$ (377,348)	-3.1%	$ 957,267	1.2%

LONG BEACH	ACTUAL						AB 1221						COMPARISON			
TAX YEAR	Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 Base Yr	$ 25,135,286		$ 45,472,786		$ 70,608,072		$ 12,567,643		$ 58,040,429		$ 70,608,072		$ -	0.0%	$ -	0.0%
1995-96	$ 24,802,474	-1.3%	$ 44,956,669	-1.1%	$ 69,759,143	-1.2%	$ 12,401,237	-1.3%	$ 57,381,669	-1.1%	$ 69,782,906	-1.2%	$ 23,763	0.0%	$ 23,763	0.0%
1996-97	$ 25,619,881	3.3%	$ 43,920,226	-2.3%	$ 69,540,107	-0.3%	$ 12,809,941	3.3%	$ 56,058,776	-2.3%	$ 68,868,717	-1.3%	$ (671,390)	-1.0%	$ (647,627)	-0.3%
1997-98	$ 27,635,957	7.9%	$ 42,635,550	-2.9%	$ 70,271,507	1.1%	$ 13,817,979	7.9%	$ 54,419,045	-2.9%	$ 68,237,024	-0.9%	$ (2,034,483)	-2.9%	$ (2,682,110)	-1.0%
1998-99	$ 28,209,267	2.1%	$ 41,771,366	-2.0%	$ 69,980,632	-0.4%	$ 14,104,633	2.1%	$ 53,316,020	-2.0%	$ 67,420,654	-1.2%	$ (2,559,979)	-3.7%	$ (5,242,089)	-1.5%
1999-2000	$ 33,603,015	19.1%	$ 44,779,105	7.2%	$ 78,382,120	12.0%	$ 16,801,508	19.1%	$ 57,155,030	7.2%	$ 73,956,538	9.7%	$ (4,425,582)	-5.6%	$ (9,667,671)	-2.3%
2000-01	$ 39,528,211	17.6%	$ 46,024,019	2.8%	$ 85,552,230	9.1%	$ 19,764,106	17.6%	$ 58,744,010	2.8%	$ 78,508,116	6.2%	$ (7,044,114)	-8.2%	$ (16,711,785)	-3.3%
2001-02	$ 38,519,283	-2.6%	$ 48,179,469	4.7%	$ 86,698,752	1.3%	$ 19,259,641	-2.6%	$ 61,495,178	4.7%	$ 80,754,819	2.9%	$ (5,943,933)	-6.9%	$ (22,655,718)	-3.8%

LYNWOOD

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	COMPARISON Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 **Base Yr**	$ 1,656,445		$ 1,231,859		$ 2,888,304		$ 828,223		$ 2,060,082		$ 2,888,304		$ -	0.0%	$ -	0.0%
1995-96	$ 1,651,011	-0.3%	$ 1,247,520	1.3%	$ 2,898,531	0.4%	$ 825,505	-0.3%	$ 2,086,273	1.3%	$ 2,911,778	0.8%	$ 13,247	0.5%	$ 13,247	0.2%
1996-97	$ 1,690,420	2.4%	$ 1,272,578	2.0%	$ 2,962,998	2.2%	$ 845,210	2.4%	$ 2,128,177	2.0%	$ 2,973,388	2.1%	$ 10,389	0.4%	$ 23,637	0.3%
1997-98	$ 1,833,122	8.4%	$ 1,225,540	-3.7%	$ 3,058,663	3.2%	$ 916,561	8.4%	$ 2,049,515	-3.7%	$ 2,966,076	-0.2%	$ (92,587)	-3.0%	$ (68,950)	-0.6%
1998-99	$ 2,001,149	9.2%	$ 1,253,439	2.3%	$ 3,254,588	6.4%	$ 1,000,575	9.2%	$ 2,096,170	2.3%	$ 3,096,745	4.4%	$ (157,843)	-4.8%	$ (226,793)	-1.5%
1999-2000	$ 2,259,515	12.9%	$ 1,305,930	4.2%	$ 3,565,445	9.6%	$ 1,129,758	12.9%	$ 2,183,954	4.2%	$ 3,313,711	7.0%	$ (251,734)	-7.1%	$ (478,528)	-2.6%
2000-01	$ 2,426,668	7.4%	$ 1,320,000	1.1%	$ 3,746,668	5.1%	$ 1,213,334	7.4%	$ 2,207,483	1.1%	$ 3,420,817	3.2%	$ (325,851)	-8.7%	$ (804,378)	-3.6%
2001-02	$ 2,309,440	-4.8%	$ 1,381,070	4.6%	$ 3,690,510	-1.5%	$ 1,154,720	-4.8%	$ 2,309,613	4.6%	$ 3,464,332	1.3%	$ (226,177)	-6.1%	$ (1,030,556)	-4.0%

MAYWOOD

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	COMPARISON Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 **Base Yr**	$ 808,724		$ 256,766		$ 1,065,490		$ 404,362		$ 661,128		$ 1,065,490		$ -	0.0%	$ -	0.0%
1995-96	$ 859,523	6.3%	$ 267,947	4.4%	$ 1,127,469	5.8%	$ 429,761	6.3%	$ 689,916	4.4%	$ 1,119,678	5.1%	$ (7,791)	-0.7%	$ (7,791)	-0.4%
1996-97	$ 803,002	-6.6%	$ 270,903	1.1%	$ 1,073,905	-4.8%	$ 401,501	-6.6%	$ 697,528	1.1%	$ 1,099,030	-1.8%	$ 25,124	2.3%	$ 17,333	0.5%
1997-98	$ 845,892	5.3%	$ 253,946	-6.3%	$ 1,099,838	2.4%	$ 422,946	5.3%	$ 653,868	-6.3%	$ 1,076,814	-2.0%	$ (23,024)	-2.1%	$ (5,691)	-0.1%
1998-99	$ 850,837	0.6%	$ 256,831	1.1%	$ 1,107,667	0.7%	$ 425,418	0.6%	$ 661,295	1.1%	$ 1,086,713	0.9%	$ (20,954)	-1.9%	$ (26,645)	-0.5%
1999-2000	$ 810,491	-4.7%	$ 269,963	5.1%	$ 1,080,454	-2.5%	$ 405,245	-4.7%	$ 695,109	5.1%	$ 1,100,354	1.3%	$ 19,900	1.8%	$ (6,745)	-0.1%
2000-01	$ 902,953	11.4%	$ 282,175	4.5%	$ 1,185,128	9.7%	$ 451,476	11.4%	$ 726,552	4.5%	$ 1,178,028	7.1%	$ (7,100)	-0.6%	$ (13,844)	-0.2%
2001-02	$ 891,546	-1.3%	$ 285,714	1.3%	$ 1,177,260	-0.7%	$ 445,773	-1.3%	$ 735,665	1.3%	$ 1,181,438	0.3%	$ 4,178	0.4%	$ (9,666)	-0.1%

MONTEBELLO

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	COMPARISON Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 **Base Yr**	$ 7,544,740		$ 1,812,501		$ 9,357,241		$ 3,772,370		$ 5,584,871		$ 9,357,241		$ -	0.0%	$ -	0.0%
1995-96	$ 7,906,351	4.8%	$ 1,636,084	-9.7%	$ 9,542,435	2.0%	$ 3,953,176	4.8%	$ 5,041,275	-9.7%	$ 8,994,450	-3.9%	$ (547,985)	-5.7%	$ (547,985)	-2.9%
1996-97	$ 8,559,720	8.3%	$ 1,653,839	1.1%	$ 10,213,559	7.0%	$ 4,279,860	8.3%	$ 5,095,982	1.1%	$ 9,375,842	4.2%	$ (837,716)	-8.2%	$ (1,385,701)	-4.8%
1997-98	$ 8,217,387	-4.0%	$ 1,500,275	-9.3%	$ 9,717,662	-4.9%	$ 4,108,694	-4.0%	$ 4,622,806	-9.3%	$ 8,731,500	-6.9%	$ (986,163)	-10.1%	$ (2,371,863)	-6.1%
1998-99	$ 9,269,023	12.8%	$ 1,566,579	4.4%	$ 10,835,602	11.5%	$ 4,634,512	12.8%	$ 4,827,108	4.4%	$ 9,461,620	8.4%	$ (1,373,982)	-12.7%	$ (3,745,846)	-7.5%
1999-2000	$ 9,773,076	5.4%	$ 1,752,850	11.9%	$ 11,525,926	6.4%	$ 4,886,538	5.4%	$ 5,401,066	11.9%	$ 10,287,604	8.7%	$ (1,238,321)	-10.7%	$ (4,984,167)	-8.1%
2000-01	$ 9,780,794	0.1%	$ 1,709,183	-2.5%	$ 11,489,977	-0.3%	$ 4,890,397	0.1%	$ 5,266,517	-2.5%	$ 10,156,914	-1.3%	$ (1,333,063)	-11.6%	$ (6,317,230)	-8.7%
2001-02	$ 9,569,491	-2.2%	$ 1,803,715	5.5%	$ 11,373,206	-1.0%	$ 4,784,746	-2.2%	$ 5,557,799	5.5%	$ 10,342,544	1.8%	$ (1,030,662)	-9.1%	$ (7,347,892)	-8.7%

NORWALK

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax 1/2 Sales Tax	% Chg	Property Tax Base Plus % Growth	% Chg	Total	% Chg	COMPARISON Difference AB 1221 - Actual	% Diff	Cumulative AB 1221 - Actual	% Diff
1994-95 **Base Yr**	$ 5,570,137		$ 1,516,242		$ 7,086,379		$ 2,785,068		$ 4,301,310		$ 7,086,379		$ -	0.0%	$ -	0.0%
1995-96	$ 5,598,536	0.5%	$ 1,826,292	20.4%	$ 7,424,827	4.8%	$ 2,799,268	0.5%	$ 5,180,867	20.4%	$ 7,980,134	12.6%	$ 555,307	7.5%	$ 555,307	3.8%
1996-97	$ 5,800,097	3.6%	$ 1,857,460	1.7%	$ 7,657,556	3.1%	$ 2,900,048	3.6%	$ 5,269,284	1.7%	$ 8,169,332	2.4%	$ 511,776	6.7%	$ 1,067,083	4.8%
1997-98	$ 5,915,546	2.0%	$ 1,818,310	-2.1%	$ 7,733,856	1.0%	$ 2,957,773	2.0%	$ 5,158,224	-2.1%	$ 8,115,997	-0.7%	$ 382,141	4.9%	$ 1,449,224	4.8%
1998-99	$ 5,959,886	0.7%	$ 1,859,880	2.3%	$ 7,819,766	1.1%	$ 2,979,943	0.7%	$ 5,276,150	2.3%	$ 8,256,094	1.7%	$ 436,327	5.6%	$ 1,885,552	5.0%
1999-2000	$ 6,889,079	15.6%	$ 1,908,542	2.6%	$ 8,797,621	12.5%	$ 3,444,539	15.6%	$ 5,414,197	2.6%	$ 8,858,736	7.3%	$ 61,115	0.7%	$ 1,946,667	4.2%
2000-01	$ 7,465,739	8.4%	$ 1,980,615	3.8%	$ 9,446,354	7.4%	$ 3,732,869	8.4%	$ 5,618,655	3.8%	$ 9,351,524	5.6%	$ (94,830)	-1.0%	$ 1,851,837	3.3%
2001-02	$ 7,558,457	1.2%	$ 2,110,405	6.6%	$ 9,668,862	2.4%	$ 3,779,229	1.2%	$ 5,986,846	6.6%	$ 9,766,075	4.4%	$ 97,212	1.0%	$ 1,949,049	3.0%

PARAMOUNT

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax (1/2 Sales Tax)	% Chg	Property Tax (Base Plus % Growth)	% Chg	Total	% Chg	COMPARISON Difference (AB 1221 - Actual)	% Diff	Cumulative (AB 1221 - Actual)	% Diff
1994-95 Base Yr	$ 4,516,363		$ 622,153		$ 5,138,516		$ 2,258,182		$ 2,880,334		$ 5,138,516		$ -	0.0%	$ -	0.0%
1995-96	$ 4,194,525	-7.1%	$ 754,473	21.3%	$ 4,948,998	-3.7%	$ 2,097,262	-7.1%	$ 3,492,928	21.3%	$ 5,590,191	8.8%	$ 641,193	13.0%	$ 641,193	6.4%
1996-97	$ 4,387,121	4.6%	$ 742,407	-1.6%	$ 5,129,528	3.6%	$ 2,193,560	4.6%	$ 3,437,068	-1.6%	$ 5,630,628	0.7%	$ 501,100	9.8%	$ 1,142,293	7.5%
1997-98	$ 4,504,442	2.7%	$ 706,856	-4.8%	$ 5,211,298	1.6%	$ 2,252,221	2.7%	$ 3,272,477	-4.8%	$ 5,524,698	-1.9%	$ 313,400	6.0%	$ 1,455,693	7.1%
1998-99	$ 4,712,381	4.6%	$ 709,876	0.4%	$ 5,422,257	4.0%	$ 2,356,190	4.6%	$ 3,286,459	0.4%	$ 5,642,649	2.1%	$ 220,393	4.1%	$ 1,676,086	6.5%
1999-2000	$ 5,084,351	7.9%	$ 715,946	0.9%	$ 5,800,297	7.0%	$ 2,542,175	7.9%	$ 3,314,562	0.9%	$ 5,856,737	3.8%	$ 56,441	1.0%	$ 1,732,526	5.5%
2000-01	$ 5,157,317	1.4%	$ 752,525	5.1%	$ 5,909,842	1.9%	$ 2,578,659	1.4%	$ 3,483,908	5.1%	$ 6,062,567	3.5%	$ 152,725	2.6%	$ 1,885,251	5.0%
2001-02	$ 5,215,997	1.1%	$ 795,416	5.7%	$ 6,011,413	1.7%	$ 2,607,999	1.1%	$ 3,682,477	5.7%	$ 6,290,476	3.8%	$ 279,063	4.6%	$ 2,164,314	5.0%

PICO RIVERA

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax (1/2 Sales Tax)	% Chg	Property Tax (Base Plus % Growth)	% Chg	Total	% Chg	COMPARISON Difference (AB 1221 - Actual)	% Diff	Cumulative (AB 1221 - Actual)	% Diff
1994-95 Base Yr	$ 3,743,683		$ 1,144,864		$ 4,888,548		$ 1,871,842		$ 3,016,706		$ 4,888,548		$ -	0.0%	$ -	0.0%
1995-96	$ 4,180,742	11.7%	$ 1,172,409	2.4%	$ 5,353,151	9.5%	$ 2,090,371	11.7%	$ 3,089,285	2.4%	$ 5,179,656	6.0%	$ (173,495)	-3.2%	$ (173,495)	-1.7%
1996-97	$ 4,054,916	-3.0%	$ 1,312,671	12.0%	$ 5,367,587	0.3%	$ 2,027,458	-3.0%	$ 3,458,875	12.0%	$ 5,486,333	5.9%	$ 118,746	2.2%	$ (54,749)	-0.4%
1997-98	$ 4,292,702	5.9%	$ 1,294,293	-1.4%	$ 5,586,995	4.1%	$ 2,146,351	5.9%	$ 3,410,448	-1.4%	$ 5,556,799	1.3%	$ (30,196)	-0.5%	$ (84,944)	-0.4%
1998-99	$ 4,146,058	-3.4%	$ 1,338,140	3.4%	$ 5,484,198	-1.8%	$ 2,073,029	-3.4%	$ 3,525,987	3.4%	$ 5,599,016	0.8%	$ 114,817	2.1%	$ 29,873	0.1%
1999-2000	$ 4,478,219	8.0%	$ 1,398,466	4.5%	$ 5,876,684	7.2%	$ 2,239,109	8.0%	$ 3,684,943	4.5%	$ 5,924,052	5.8%	$ 47,368	0.8%	$ 77,241	0.2%
2000-01	$ 5,052,811	12.8%	$ 1,449,555	3.7%	$ 6,502,366	10.6%	$ 2,526,406	12.8%	$ 3,819,563	3.7%	$ 6,345,969	7.1%	$ (156,397)	-2.4%	$ (79,156)	-0.2%
2001-02	$ 4,151,671	-17.8%	$ 1,503,211	3.7%	$ 5,654,882	-13.0%	$ 2,075,836	-17.8%	$ 3,960,946	3.7%	$ 6,036,781	-4.9%	$ 381,899	6.8%	$ 302,743	0.7%

SANTA FE SPRINGS

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax (1/2 Sales Tax)	% Chg	Property Tax (Base Plus % Growth)	% Chg	Total	% Chg	COMPARISON Difference (AB 1221 - Actual)	% Diff	Cumulative (AB 1221 - Actual)	% Diff
1994-95 Base Yr	$ 17,514,869		$ 1,039,902		$ 18,554,771		$ 8,757,435		$ 9,797,337		$ 18,554,771		$ -	0.0%	$ -	0.0%
1995-96	$ 17,749,100	1.3%	$ 1,013,783	-2.5%	$ 18,762,883	1.1%	$ 8,874,550	1.3%	$ 9,551,263	-2.5%	$ 18,425,813	-0.7%	$ (337,071)	-1.8%	$ (337,071)	-0.9%
1996-97	$ 17,832,826	0.5%	$ 1,002,147	-1.1%	$ 18,834,972	0.4%	$ 8,916,413	0.5%	$ 9,441,630	-1.1%	$ 18,358,043	-0.4%	$ (476,929)	-2.5%	$ (814,000)	-1.4%
1997-98	$ 18,751,227	5.2%	$ 944,170	-5.8%	$ 19,695,397	4.6%	$ 9,375,614	5.2%	$ 8,895,403	-5.8%	$ 18,271,017	-0.5%	$ (1,424,380)	-7.2%	$ (2,238,380)	-3.0%
1998-99	$ 18,216,357	-2.9%	$ 988,540	4.7%	$ 19,204,897	-2.5%	$ 9,108,178	-2.9%	$ 9,313,438	4.7%	$ 18,421,616	0.8%	$ (783,281)	-4.1%	$ (3,021,661)	-3.2%
1999-2000	$ 20,567,706	12.9%	$ 1,094,696	10.7%	$ 21,662,402	12.8%	$ 10,283,853	12.9%	$ 10,313,570	10.7%	$ 20,597,423	11.8%	$ (1,064,979)	-4.9%	$ (4,086,640)	-3.5%
2000-01	$ 23,060,855	12.1%	$ 1,104,408	0.9%	$ 24,165,263	11.6%	$ 11,530,428	12.1%	$ 10,405,075	0.9%	$ 21,935,503	6.5%	$ (2,229,760)	-9.2%	$ (6,316,400)	-4.5%
2001-02	$ 21,290,514	-7.7%	$ 1,176,129	6.5%	$ 22,466,643	-7.0%	$ 10,645,257	-7.7%	$ 11,080,788	6.5%	$ 21,726,045	-1.0%	$ (740,598)	-3.3%	$ (7,056,998)	-4.3%

SIGNAL HILL

TAX YEAR	ACTUAL Sales Tax	% Chg	Property Tax	% Chg	Total	% Chg	AB 1221 Sales Tax (1/2 Sales Tax)	% Chg	Property Tax (Base Plus % Growth)	% Chg	Total	% Chg	COMPARISON Difference (AB 1221 - Actual)	% Diff	Cumulative (AB 1221 - Actual)	% Diff
1994-95 Base Yr	$ 6,326,778		$ 219,846		$ 6,546,624		$ 3,163,389		$ 3,383,235		$ 6,546,624		$ -	0.0%	$ -	0.0%
1995-96	$ 6,678,869	5.6%	$ 267,751	21.8%	$ 6,946,620	6.1%	$ 3,339,435	5.6%	$ 4,120,461	21.8%	$ 7,459,895	14.0%	$ 513,275	7.4%	$ 513,275	3.8%
1996-97	$ 7,493,434	12.2%	$ 258,988	-3.3%	$ 7,752,422	11.6%	$ 3,746,717	12.2%	$ 3,985,604	-3.3%	$ 7,732,320	3.7%	$ (20,101)	-0.3%	$ 493,174	2.3%
1997-98	$ 7,849,773	4.8%	$ 244,816	-5.5%	$ 8,094,589	4.4%	$ 3,924,887	4.8%	$ 3,767,505	-5.5%	$ 7,692,391	-0.5%	$ (402,198)	-5.0%	$ 90,976	0.3%
1998-99	$ 8,149,790	3.8%	$ 242,418	-1.0%	$ 8,392,208	3.7%	$ 4,074,895	3.8%	$ 3,730,598	-1.0%	$ 7,805,493	1.5%	$ (586,715)	-7.0%	$ (495,739)	-1.3%
1999-2000	$ 8,250,419	1.2%	$ 244,674	0.9%	$ 8,495,092	1.2%	$ 4,125,209	1.2%	$ 3,765,316	0.9%	$ 7,890,526	1.1%	$ (604,567)	-7.1%	$ (1,100,306)	-2.4%
2000-01	$ 9,652,057	17.0%	$ 260,052	6.3%	$ 9,912,109	16.7%	$ 4,826,028	17.0%	$ 4,001,977	6.3%	$ 8,828,006	11.9%	$ (1,084,103)	-10.9%	$ (2,184,409)	-3.9%
2001-02	$ 9,961,121	3.2%	$ 275,821	6.1%	$ 10,236,943	3.3%	$ 4,980,561	3.2%	$ 4,244,653	6.1%	$ 9,225,213	4.5%	$ (1,011,730)	-9.9%	$ (3,196,139)	-4.8%

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000253